

Conforming Fixed

A fixed rate product for loan amounts of \$10,000 to the conforming limit. All loans must conform to FannieMae Agency guidelines. DU Approve/Eligible findings are required for all transactions. If an issue is not addressed in these guidelines refer to Reunion Mortgage Underwriting Guidelines. In the event that the Underwriting Guidelines require different parameters than those stated within these guidelines, the more conservative guideline will apply.

Agency Fixed

Owner-Occupied Primary Residence					
Purpose	Units	LTV	CLTV	HCLTV	FICO
Pur, R/T	1-2	95	95	95	660
Pur, R/T	1-2	80	80	80	620
Pur, R/T	3-4	75	75	75	620
C/O ¹	1-2	80	80	80	660
C/O ¹	1-4	70	70	70	620
Second Home					
Purpose	Units	LTV	CLTV	HCLTV	FICO
Pur, R/T	1	80	90	90	680
Pur, R/T	1	80	80	80	620
C/O	1	75	75	75	660
C/O	1	70	70	70	620
Investment Property					
Purpose	Units	LTV	CLTV	HCLTV	FICO
Pur	1-2	80	80	80	620
Pur, R/T	1-4	75	75	75	620
C/O	1-2	70	70	70	620
C/O	3-4	60	60	60	620

¹ Texas Section 50(a)(6) transactions are limited to 80% LTV/CLTV one unit property only

Agency Fixed Requirements:

- Eligible Program Codes: **C10, C15, C20, C30**
- DU Approve/Eligible required
- LP Decisions: Not eligible except when DU Findings indicate DU Refi Plus and loan is > 80% LTV or Texas Section 50(a)(6)
- Mortgage Insurance coverage per DU findings. MI coverage associated with a Loan Level price adjustment is not allowed, so use the higher coverage listed if two are indicated on findings.
- All borrowers must meet minimum FICO score requirement indicated above
- Maximum loan amounts:

	General	Hawaii
1-Unit	\$417,000	\$625,500
2-Unit	\$533,850	\$800,775
3-Unit	\$645,300	\$967,950
4-Unit	\$801,950	\$1,000,000

High Balance Mortgage

Owner-Occupied Primary Residence					
Purpose	Units	LTV	CLTV	HCLTV	FICO
Pur, R/T ¹	1	90	90	90	700
Pur, R/T	1	75	75	75	660
Pur, R/T	2-4	75	75	75	740
C/O	1	60	60	60	740
Second Home					
Purpose	Units	LTV	CLTV	HCLTV	FICO
Pur, R/T	1	65	65	65	740
Investment Property					
Purpose	Units	LTV	CLTV	HCLTV	FICO
Pur, R/T	1-4	65	65	65	740

¹ R/T limited to 80 LTV / 80 CLTV for loan amounts > \$625,500

High Balance Mortgage Requirements:

- Eligible Program Code: **CJ30**
- Approve/Eligible required utilizing DU version 7.1 (LP not eligible)
 - Approve/Ineligible allowed as long as the only reason for ineligibility is the loan amount exceeds the current loan limit applied by DU (i.e., the permanent high-cost limit for the area in which the property is located). The loan amount can not exceed the temporary high-cost limit applicable to the area in which the property is located.
- Loan must be originated (based on date the Mortgage Note is executed) on or after January 1, 2009
- Loan amounts are applicable to Fannie Mae High Cost areas only. The loan amounts must be greater than the current maximum loan limits up to the Agency High Balance loan limits for the County/MSA.
- Maximum loan amounts:

	General	Hawaii
1-Unit	\$729,750	\$938,250
2-Unit	\$934,200	\$1,000,000
3-Unit	\$1,000,000	\$1,000,000
4-Unit	\$1,000,000	n/a
- All borrowers must meet minimum FICO score requirement indicated above
- Maximum number of properties currently being financed is limited to 4 (including primary).
- Appraisal/Property
 - Full appraisal with interior/exterior inspection
 - The appraisal must be performed and executed by a Certified Appraiser.
 - Field review (2000) is required if:
 - The loan amount is > \$625,500 and the LTV, CLTV or HCLTV is greater than 80%
 - The appraised value is ≥ \$1,000,000 and the LTV/CLTV is greater than or equal to 75%.
 - Limited Review is not eligible
- Assets
 - Borrowers must contribute at least 5% of their own funds
 - VOD or 2 months complete bank statements required
 - Reserves
 - per DU on O/O & S/H
 - 6 months PITI on investment properties
- Contributions by an Interested Party
 - O/O & S/H 3% regardless of LTV
 - Investment 2%



High Balance Mortgage Requirements Continued:

- Standard Mortgage Insurance coverage is required
 - > 80% - 85% 12%
 - > 85% - 90% 25%
- Ratios
 - Per DU Approval
- Refinances
 - Six months minimum seasoning (six months of payments made) since most recent refinance or date of purchase is required.
 - Owner occupied properties located in Texas: Payoff of any first or second Texas Section 50(a)(6) loan is not allowed
 - Cash Out Refinance Transaction
 - Primary Residence Only
 - All borrowers must have held title (ownership) to the subject property for a minimum of six months
 - Maximum cash out limited to \$100,000 including the balance of subordinate liens that are paid off with new loan proceeds if the lien was not used to acquire the property
- Ineligible
 - Cash-out on the following
 - Owner Occupied: 2-4 unit
 - Second Home
 - Investment Property
 - Temporary Buydowns
 - Texas Section 50(a)(6)
 - Non-Permanent Resident Alien
 - Title vested in Trust
- Special Feature Code 808 must be entered for all High Balance loans

DU Refi Plus
C10, C15, C20, C30

Owner-Occupied Primary Residence					
Purpose	Units	LTV	CLTV	HCLTV	FICO
R/T	1-2	80	95	95	620
R/T	3-4	75	75	75	620
Second Home					
Purpose	Units	LTV	CLTV	HCLTV	FICO
R/T	1	80	90	90	680
R/T	1	80	80	80	620
Investment Property					
Purpose	Units	LTV	CLTV	HCLTV	FICO
R/T	1-4	75	75	75	620

CJ30

Owner-Occupied Primary Residence					
Purpose	Units	LTV	CLTV	HCLTV	FICO
R/T	1	80	90	90	700
R/T	1	75	75	75	660
R/T	2-4	75	75	75	740
Second Home					
Purpose	Units	LTV	CLTV	HCLTV	FICO
R/T	1	65	65	65	740
Investment Property					
Purpose	Units	LTV	CLTV	HCLTV	FICO
R/T	1-4	65	65	65	740

DU Refi Plus Requirements:

- Eligible Program Codes: **C10, C15, C20, C30, CJ30**
- DU findings reflect the following message “This loan casefile was underwritten according to the DU Refi Plus expanded eligibility guidelines offered on certain limited cash-out refinance loan casefiles where the borrower’s existing loan is identified by DU as a Fannie Mae loan. This loan casefile must be delivered with Special Feature Code 147.”
- Loans that reflect DU Refi Plus message with LTV > 80% or Texas Section 50(a)(6) transaction will be underwritten with LP per the Agency Fixed guidelines
- Loan must be originated (based on date the Mortgage Note is executed) before June 10, 2010
- All borrowers must meet minimum FICO score requirement indicated above
- No limit to the number of properties currently being financed
- **Cash back to the borrower is permitted up to a maximum of \$250 to allow for changes in closing costs. If changes exceed \$250, the loan amount must be adjusted. Principal curtailments are not permitted.**

DU Refi Plus Requirements Continued:

- **Net Tangible Benefit:** Principal and interest payment for the new loan must be lower than the existing loan, unless the loan is being refinanced into a more stable product documented by a copy of the existing Note.
 - Refinancing an ARM product to a Fixed Rate
 - Refinancing an Interest only product to a fully amortizing product
 - Refinancing a short-term ARM to a longer term ARM product (i.e., 3/1 to 5/1)
 - Refinancing a 30-year term to a 15-year term, whereby amortization is accelerated and equity is built up faster
 - Refinancing from a shorter term to a longer term (i.e., 30-year fixed to a 40-year fixed) would only be considered a benefit if there is also a payment reduction.
 - The required borrower benefit must be noted in the notes on the 1008
- Maximum loan amounts:

	C10, C15, C20, C30	
	General	Hawaii
1-Unit	\$417,000	\$625,500
2-Unit	\$533,850	\$800,775
3-Unit	\$645,300	\$967,950
4-Unit	\$801,950	\$1,000,000

	CJ30	
	General	Hawaii
1-Unit	\$729,750	\$938,250
2-Unit	\$934,200	\$1,000,000
3-Unit	\$1,000,000	\$1,000,000
4-Unit	\$1,000,000	n/a
- Subordinate Financing
 - Subordination of existing junior liens permitted per maximum CLTV limitations reflected above
 - Subordinate liens may **not** be paid via DU Refi Plus proceeds or Refi Plus transaction (with borrower's own funds)
 - New subordinate liens may **not** be added to subject transaction
- Appraisal/Property
 - Full appraisal with interior/exterior inspection
 - FIW/PIW (Property Inspection Waiver) not allowed
 - Project Approval: Lenders will not be required to perform a project review for condominium, cooperative, or PUD projects, but the lender must confirm that the property is not in a condominium or cooperative hotel or motel.
- Ineligible
 - Temporary Buydowns
 - Texas Section 50(a)(6)
- Special Feature Code 147 must be entered for all DU Refi Plus loans

2/1 Buydown

Owner-Occupied Primary Residence					
Purpose	Units	LTV	CLTV	HCLTV	FICO
Purchase	1	95	95	95	660
Purchase	1	80	80	80	620
Second Home					
Purpose	Units	LTV	CLTV	HCLTV	FICO
Purchase	1	80	90	90	660
Purchase	1	80	80	80	620

2/1 Buydown Requirements:

- Eligible Program Codes: **C30BD21**
 - The 2/1 buy down allows a purchaser to reduce the initial interest rate on their mortgage by 2% the first year, 1% the next year, and 0% every year thereafter.
- The actual cost of the buy down is a separate fee and not included in the price
 - Buydown funds may come from the seller, lender, borrower or other party. Funds from the seller or any other interested third party are considered interested party contributions and must be included in the limit on interested party contributions.
- DU Approve/Eligible required
- Borrower to be qualified per DU
 - Owner Occupied qualifies with payment based on second year
 - Second Home qualifies with payment based on note rate
- Mortgage Insurance coverage per DU findings. MI coverage associated with a Loan Level price adjustment is not allowed, so use the higher coverage listed if two are indicated on findings.
- All borrowers must meet minimum FICO score requirement indicated above
- Maximum loan amounts:

	General	Hawaii
1-Unit	\$417,000	\$625,500
2-Unit	\$533,850	\$800,775
3-Unit	\$645,300	\$967,950
4-Unit	\$801,950	\$1,000,000

AUS Underwriting Decisions

- DU Decisions: Approve/Eligible
- LP Decisions: Not eligible except when DU Findings indicate DU Refi Plus and loan is > 80% LTV or Texas Section 50(a)(6). Not eligible for CJ30.
- Property Inspections Waivers (PIW) are not allowed. Full appraisal required on each loan.
- All conditions outlined in the findings report must be satisfied
- **Flexible Mortgage Guidelines:**
 - Allowed on C30 only
 - Loans with LTVs between 90% and 95% where the borrower lacks 5% of their own funds DU will consider the loan a Flexible 97 expanded down payment transaction.
 - Mortgage Insurance coverage of 35% is required.
 - Underwriter must notify the Lockdesk that loan is a Flexible Mortgage and ensure that the Price Adjustment is added to the price.

Contributions by an Interested Party

- Must be used for closing cost, prepaids, and other financing costs, including buydown fee provided the maximum contribution does not exceed the limits below.
- Maximum contribution percentage allowed:
 - **Primary Residence and Second Homes**
 - CLTV > 90%, maximum contribution is three percent (3%)
 - CLTV >75% - 90%, maximum contribution is six percent (6%)
 - CLTV ≤ to 75%, maximum contribution is nine percent (9%)
 - **Investment Property**
 - Maximum two percent (2%) contribution, regardless of CLTV.

Disclosure/Program Information

Type	Assumable	Prepay	I/O Period
Fully Amortized	No	No	n/a

Program Description

- **C10:** 10 Year Fixed Rate
- **C15:** 15 Year Fixed Rate
- **C20:** 20 Year Fixed Rate
- **C30:** 30 Year Fixed Rate
- **C30BD21:** 30 Year Fixed Rate loan with payment 2% under note rate for the first year; 1% under note rate for the second year and payment based on note rate for the remaining term
- **CJ30:** High-Balance 30 Year Fixed Rate

Mortgage Insurance

- Mortgage Insurance is required on all loans with LTV > 80%.
- MI coverage associated with a Loan Level price adjustment per DU report is not permitted.
- Although Mortgage Insurance is required on all loans with LTV > 80%, Reunion Mortgage can not guarantee the ability to obtain mortgage insurance on every file due to the rapid guideline changes in the Mortgage Insurance industry.