

Conforming LIBOR ARM

A Fixed Period ARM product for loan amounts of \$50,000 to the conforming limit with a 30-Year term. The interest rate will remain fixed for the fixed period; thereafter, the interest rate will adjust annually. Adjustments are dictated by the index, margin and caps as posted on the daily rate sheet. DU Approve/Eligible findings are required on all loans. All loans must conform to FNMA Agency guidelines. For any issue not addressed in these guidelines please 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.

Product Codes

- C31L 3/1 LIBOR ARM
- C51L 5/1 LIBOR ARM
- C71L 7/1 LIBOR ARM
- CJ51L 5/1 LIBOR ARM High Balance Mortgage

Agency ARM

Owner-Occupied Primary Residence					
Purpose	Units	LTV	CLTV	HCLTV	FICO
Pur, R/T	1	95	95	95	680
Pur, R/T	1	80	80	80	620
Pur, R/T	2	80	80	80	660
Pur, R/T	3-4	75	75	75	620
C/O	1	80	80	80	680
C/O	1	75	75	75	620
C/O	2-4	70	70	70	680
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	80	80	80	640
R/T	1	75	75	75	640
Pur, R/T	2-4	75	75	75	660
C/O	1	70	70	70	680
C/O	2-4	60	60	60	680

Fully Amortized Requirements:

- Eligible Program Codes: **C31L, C51L, C71L**
- DU Approve/Eligible required
- LP Decisions not allowed
- Texas Section 50(a)(6) not allowed
- 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	75	75	75	680
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

High Balance Mortgage Requirements:

- Eligible Program Code: **CJ51L**
- Approve/Eligible required utilizing DU version 8.0 (LP not eligible)
- 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 2009 Permanent Agency High Balance loan limits for the County/MSA. Reunion Mortgage is not lending to the higher temporary loan limits.
- 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 mortgages currently being financed is limited to 4 (including owner occupied transactions).
- Appraisal/Property
 - Full appraisal with interior/exterior inspection
 - 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%.
 - Condo Project Limited Review is not eligible
- Contributions by an Interested Party
 - O/O & S/H 3% regardless of LTV
 - Investment 2%
- 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

High Balance Mortgage Requirements continued:

- Ratios
 - Per DU Approval
- Ineligible
 - Cash-out on the following
 - Owner Occupied: 2-4 unit
 - Second Home
 - Investment Property
 - Temporary Buydowns
 - Texas Section 50(a)(6)
 - Title vested in Trust
- Special Feature Code 808 must be entered for all High Balance loans

AUS Underwriting Decisions

- DU Decisions: Approve/Eligible
 - DU Refi Plus message is not allowed in findings
 - Enter "Standard LCOR" in DU to eliminate DU Refi Plus message (or change loan to DU Refi Plus program)
- LP Decisions are not eligible
- Property Inspections Waivers (PIW) are not allowed. Full appraisal required on each loan.
- All conditions outlined in the findings report must be satisfied
- Regardless of DU asset requirements, the following reserves are required:
 - Subject Property
 - Owner Occupied: Reserves determined by DU
 - Second home: Two months reserves
 - Investment property: Six months reserves
 - Investment Property and Second Home: Other financed properties:
 - 2 months on each other financed property.
 - The amount of required reserves must be subtracted from the borrower's liquid assets prior to submitting the loan to DU.
- Flexible Mortgage Guidelines are not allowed.

Contributions by an Interested Party

- Must be used for closing cost, prepaids, and other financing costs provided the maximum contribution does not exceed the limits below.
- Standard Conforming limits:
 - **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
- High Balance Loans (CJ15 and CJ30) limited to the following
 - **Primary Residence and Second Homes**
 - Maximum contribution is 3% regardless of CLTV
 - **Investment Property**
 - Maximum contribution is 2% regardless of CLTV

Disclosure/Program Information

Program	Caps	Floor	Margin	Assumable	Convertible	Prepay
C31L	2/2/6	Margin	2.25	Anytime	No	No
C51L	5/2/5	Margin	2.25	Anytime after fixed period	No	No
C71L	5/2/5	Margin	2.25	Anytime after fixed period	No	No
CJ51L	5/2/5	Margin	2.25	Anytime after fixed period	No	No

Program Description

- **C31L:** 30-year ARM, fixed for the first 3 years, then adjusts every 1 year based on LIBOR
- **C51L:** 30-year ARM, fixed for the first 5 years, then adjusts every 1 year based on LIBOR
- **C71L:** 30-year ARM, fixed for the first 7 years, then adjusts every 1 year based on LIBOR
- **CJ51L:** High-Balance 30-year ARM, fixed for the first 5 years, then adjusts every 1 year based on LIBOR

Index - LIBOR

- The index is based on the average rate for 1 year U.S. dollar-denominated deposits in London markets based on quotations of major banks, the LIBOR.

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.
- Standard Coverage Mortgage Insurance coverage is required regardless of DU findings.
 - > 90 - 95%: 30%
 - > 85 - 90%: 25%
 - > 80 - 85%: 12%