Fixed Program Codes: CRP230-003, CRP225-003, CRP220-003 (15 year product not available until 6-1-2012)
High Balance Program Codes: CHBRP230-003, CHBRP225-003, CHBRP220-003
Automated Underwriting: DU Approve/Eligible Only

### Conforming Loan Limits

<table>
<thead>
<tr>
<th></th>
<th>Continental US</th>
<th>Hawaii</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 unit</td>
<td>$417,000</td>
<td>$625,500</td>
</tr>
<tr>
<td>2 units</td>
<td>$533,850</td>
<td>$800,775</td>
</tr>
<tr>
<td>3 units</td>
<td>$645,300</td>
<td>$967,950</td>
</tr>
<tr>
<td>4 units</td>
<td>$801,950</td>
<td>$1,202,925</td>
</tr>
</tbody>
</table>

### Permanent High Balance Loan Limits

<table>
<thead>
<tr>
<th></th>
<th>Continental US</th>
<th>Hawaii</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 unit</td>
<td>$625,500</td>
<td>$938,250</td>
</tr>
<tr>
<td>2 units</td>
<td>$800,775</td>
<td>$1,201,150</td>
</tr>
<tr>
<td>3 units</td>
<td>$967,950</td>
<td>$1,451,925</td>
</tr>
<tr>
<td>4 units</td>
<td>$1,202,925</td>
<td>$1,804,375</td>
</tr>
</tbody>
</table>

Maximum conforming loan limits for 1- to 4-unit property, including high balance loan limits subject to individual county limits.

### 1.01 Summary – HARP Version 2

In response to the Homeowner Affordability and Stability Plan (HARP) Fannie Mae began offering the DU Refi Plus program. These guidelines address LTV’s in excess of 105% and above. The Fannie Mae DU Refi Plus Program is a fixed rate and term, fully amortizing, conventional conforming first lien mortgage loan program. Loan being refinanced must have been sold to Fannie Mae prior to June 1, 2009. In order to determine if your loan was sold to Fannie Mae, use the loan look-up tool on [http://www.fanniemae.com/loanlookup/](http://www.fanniemae.com/loanlookup/). Type in the property address, and Fannie Mae will indicate if a match was found. You must also receive a DU Refi Plus finding. Please attach your findings to confirm your loan is eligible, prior to locking.

AMX/Land Home offers DU Refi Plus with an unlimited LTV and no maximum CLTV. All existing subordinate financing must be re-subordinated. New subordinate financing not allowed.

### 1.02 DU Findings and Underwriting Requirements

All loans must be ran through Desktop Underwriter and receive Approve/Eligible Finding. Existing loan must be current at time of closing. Borrower must meet the requirements of Desktop Underwriter, including the mortgage delinquency, bankruptcy, and foreclosure policies. Manual underwriting is not allowed. In order for the loan to be eligible, the following message must be present on the DU findings:

>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.

1) Recent Mortgage Statement for all loans secured by the subject property required.
2) Copy of mortgage note for any liens that will subordinate to our first.
3) Documentation requirements per Desktop Underwriter as follows:
   i. Salaried: minimum one current paystub.
   ii. Self-employed: minimum one year’s federal income tax return.
4) Employment must be verified with a verbal VOE; or verification that business exists (for self-employed).
5) A new borrower may be added to the new loan, provided the existing borrower(s) is retained.
6) A borrower may be removed for any reason, not solely due to death or divorce, provided:
   i. The remaining borrower(s) must demonstrate that they have been making the payments from their own funds for the prior 12 months (not required in case of death);
   ii. The borrower being removed must also be removed from the deed (or provide evidence of death, as applicable).
7) Occupancy on new loan can change from occupancy on existing loan.

1.03 Calculation of New Loan Amount
Loan amount may not exceed existing loan unpaid principal balance (may be rounded up to nearest $1000) for 30 year fixed rate terms. The loan amount may exceed the unpaid principal balance for terms 25 years or less only for payment of closing costs, prepaid items and reasonable lender fees. Land Home does not allow any cash back in the transaction, and requires the borrower does not “skip” a mortgage payment. The transaction should be structured for the borrower to bring in to closing an amount equal or close to their current mortgage payment for a 25 year term. Terms 20 years and under may close with no cash back to borrower, and no requirement for borrower to bring in money to close as long as their remains a net tangible benefit to the transaction.

Loan Amount and Financed Fees over 105% LTV
30 Year Fixed Rate Term: For borrower re-extending the term of the mortgage back to a 30 year fixed rate term the following conditions apply:

*New loan amount limited to unpaid principal balance (UPB) rounded up to the nearest $1000.*

25 Year Fixed Rate Term: For borrower requesting term of the mortgage a 25 year fixed rate term the following conditions apply:

*New loan amount limited to reasonable closing costs. Borrower to bring in to closing an amount equal to current mortgage payment.*

20 Year Fixed Rate Term: For borrower requesting term of the mortgage a 20 year fixed rate term the following conditions apply:

*New loan amount limited to reasonable closing costs. Borrower to receive NO cash back at closing.*

1.04 Net Tangible Benefit
The new refinance mortgage must result in a tangible net benefit to the borrower, as evidenced by a completed Net Tangible Benefit Worksheet. The loan must possess one of the following tangible net benefits:

1) a reduction in the interest rate on the first lien mortgage;
2) a reduction in the amortization term of the first lien mortgage;
3) the replacement of an ARM or a Balloon/Reset Mortgage with a fixed-rate mortgage;
or
4) lower monthly payment.

1.05 Geographic Lending Area
Land Home Financial is currently approved to lend in 43 states, excluding Kansas, Kentucky, Missouri, New Jersey, Alaska, West Virginia, Pennsylvania and Oklahoma. Please refer to company website for current and up to date licensing information.

Hawaii: Properties in Lava Flow Zones 1 or 2 are not allowed.

1.06 Eligible Properties
Single family residences, warrantable condos and PUDs, and 1-4 family dwellings. Leasehold properties are eligible, provided lease meets FNMA requirements.

- Confirm property is eligible at: http://www.fanniemae.com/loanlookup/
- Attached 1 to 4 unit primary residences.
- 1 unit second home.
- 1 to 4 unit investment properties.
  - Investment transactions 95% LTV and greater must have positive cash flow evidence by the lesser of current or market rents, verify currently occupied by tenant.
  - Copy current rental agreement acceptable to FNMA along with Rental Survey FNMA Form 1007.

Ineligible Properties: Co-ops, non-warrantable condos, non-warrantable PUDs, manufactured homes, condotels & any property that is considered unique including but not limited to working ranches, hobby farms, board and care homes, commercial property, live/work lofts with deed restrictions.

1.07 Ineligible Loan Transactions
- Loans receiving Refer or Ineligible.
- 30 day mortgage late in the past 6 months, any 60 day mortgage late in past 12 months.
- Cost to re-coop fees exceeds 48 months.
- Pay off loans which have been previously modified.
- Properties which have been listed for sale in the last 12 months.
- Two Unit Manufactured Homes.
- Adding Non-Occupant Co-Borrowers.
- LTV >105% that put less than 5% down payment at purchase or have a history of cash out or excessive rate/term refinance history.
- Loans with new subordinate financing.
- Condotel

1.08 Eligible Borrower Types

1.09 Subordinate Financing
No new subordinate financing allowed. Minimum term for secondary financing is 5 years, with no balloon or call provision allowed during the first five years. The term on the second mortgage may not exceed the term on the first mortgage. Institutional financing must provide for minimum of interest only payments, with no negative amortization, deferred interest or
prepayment penalty. Seller financing must provide for regular scheduled principal and interest repayment.

2.00 Minimum Credit Scores
Minimum Credit for all owner occupied transactions is 620. Minimum credit score requirement for investment property and second homes are 680.

2.01 Payoff or Pay down of Debt for Qualification
Payoff or pay down of debt solely to qualify must be carefully evaluated and considered in the overall loan analysis. Provide verification that the account has been closed.

**Installment loans**: Paid off or paid down to 10 or fewer remaining monthly payments should generally not be included in the borrower’s long-term debt. However, an installment debt with fewer monthly payments remaining also should be considered as a recurring monthly debt obligation if it significantly affects the borrower’s ability to meet his or her credit obligations.

**Lease**: Cannot be paid off or paid down to qualify regardless of number of remaining payments/months. This is because the expiration of a lease agreement for rental housing or a car typically leads to either a new lease agreement, the buyout of the existing lease, or the purchase of a new vehicle or house. Exception: If the borrower can demonstrate closed lease with replacement vehicle (and any new obligation incurred) or satisfy underwriting that sufficient vehicles are currently owned and a future replacement vehicle is not required the obligation may be excluded at underwriter discretion.

**Revolving Account Closed**: If a revolving account is to be paid off and closed, a monthly payment on the current outstanding balance does not need to be included in the borrower’s debt-to-income ratio.

**Revolving Account Open**: If a revolving debt is to be paid off but not closed, a monthly payment on the current outstanding balance will be considered as long-term debt.

**Open 30-day Charge Accounts**: Must be paid off at or prior to closing if the borrower is unable to document sufficient assets to cover the unpaid balance, or the borrower is unable to document that the charges will be reimbursed by his or her employer.

2.02 Contingent Liabilities - Co-Signed Loans
When a borrower co-signs for a loan to enable another party (the primary obligor) to obtain credit—but is not the party who is actually repaying the debt—the borrower has a contingent liability. The liability does not need to be considered as part of the borrower’s recurring monthly debt obligations if the borrower can verify a history of documented payments on the co-signed debt by the primary obligor and ascertain that there is not a history of delinquent payments for that debt (since this could be an indication that the co-signer might have to assume the obligation at some point in the future). Generally, the primary obligor should have been making payments on the debt for at least 12 months (although shorter payment histories may be considered on a case-by-case basis).

The liability does need to be considered as part of the borrower’s recurring monthly debt obligations if:

- The person paying the debt is not obligated on the note (obtain copy of note to document)
- The payment by the primary obligor cannot be sufficiently documented,
• A sufficient payment history has not been established for the debt,
• The payment has adjusted upward and a sufficient history is not established for the new payment amount, or
• The primary obligor has a history of being delinquent in making payments on the debt.

**Business Debt in Borrower’s Name:** When a self-employed borrower claims that a monthly obligation that appears on his or her personal credit report is being paid by the borrower’s business, it requires the obligation was actually paid out of company funds and that this was considered in its cash flow analysis of the borrower’s business. The account payment does not need to be considered as part of the borrower’s individual recurring monthly debt obligations if the account in question does not have a history of delinquency, the business provides acceptable evidence that the obligation was paid out of company funds (such as 12 months of canceled company checks), and the cash flow analysis of the business took payment of the obligation into consideration. (cannot be also counted as income, and exclude the obligation).

The account payment does need to be considered as part of the borrower’s individual recurring monthly debt obligations if the business does not provide sufficient evidence that the obligation was paid out of company funds. If the business provides acceptable evidence of its payment of the obligation, but the cash flow analysis of the business does not reflect any business expense related to the obligation (such as an interest expense—and taxes and insurance, if applicable—equal to or greater than the amount of interest that one would reasonably expect to see given the amount of financing shown on the credit report and the age of the loan). It is reasonable to assume that the obligation has not been accounted for in the cash flow analysis. If the account in question has a history of delinquency it cannot be excluded from the borrowers debt analysis.

**Court-Ordered Assignment of Debt:** When a borrower has outstanding debt that was assigned to another party by court order (such as under a divorce decree or separation agreement) and the creditor does not release the borrower from liability, the borrower has a contingent liability. It is not counted as part of the borrower’s recurring monthly debt obligations. **Note:** If the payment is delinquent it is not evaluated as part of the borrower’s credit profile, however, it may require a manual downgrade due to AUS response. Manual underwrite is not eligible for DU Refi Plus program.

**Home Equity Lines of Credit:** When the subject mortgage also has a home equity line of credit (HELOC) that provides for a monthly payment of principal and interest or interest only, the payment on the HELOC must be included in the cash report or currently monthly HELOC payment coupon. If the HELOC does not require a payment, there is no recurring monthly debt obligation so the lender does not need to develop an equivalent payment amount.

**Deferred Installment Debt:** Deferred installment debts must be included as part of the borrower’s recurring monthly debt obligations. If the borrower’s credit report does not indicate the monthly amount that will be payable at the end of the deferment period, the lender must obtain copies of the borrower’s payment letters or forbearance agreements so that a monthly payment amount can be determined and used in calculating the borrower’s total monthly obligations.

**Student Loans:** If a payment amount is not shown on the credit report, we will calculate the deferred monthly payment based on 2% of the balance of the student loan. If the payment is less, we would require the payment letter’s in order to use the lesser amount for qualification purposes.
Nonreimbursed Employee Expenses: When a borrower has nonreimbursed business expenses, such as classroom supplies, uniforms, meals, gasoline, automobile insurance, and/or automobile taxes, we require use of a 24-month average of the expenses, using information from the borrower’s IRS Form 1040 including all schedules (Schedule A and IRS Form 2106). Automobile depreciation claimed on IRS Form 2106 will be netted out of expenses. When calculating the total debt-to-income ratio, the 24-month average for nonreimbursed expenses will be subtracted from the borrower’s stable monthly income, unless such expenses are automobile lease payments or automobile loan payments, in which case they are required to be considered part of the borrower’s recurring monthly debt obligations. If there is not a 24-month history of such expenses, the lender should develop an annualized monthly average for the expenses and add this calculated amount to the borrower’s monthly debt obligations.

Property Settlement Buyout: When a borrower’s interest in a property is bought out by another co-owner of the property, as often happens in a divorce settlement, but the lender does not release the borrower from liability under the mortgage, the borrower has a contingent liability. If the lender obtains documentation to confirm the transfer of title to the property, this liability does not have to be considered as part of the borrower’s recurring monthly debt obligations.

2.03 Waiting Period Requirements for Derogatory Events
Bankruptcy – Chapter 7 or 11 – 4 years
Bankruptcy – Chapter 13 – 2 years from discharge; 4 years from dismissal
Multiple Bankruptcy Filings – 5 years if more than one filing in the previous 7 years
Foreclosure – 7 years

DU cannot read the following and therefore guidelines must be manually applied and loan downgraded to manual underwrite so these conditions would be ineligible for this program as no manual underwriting is allowed.

Deed-in-Lieu of Foreclosure / Preforeclosure Sale / Short Sale:
2 years: max 80% LTV/CLTV
4 years, max 90% LTV/CLTV
7 years, maximum financing available

3.00 Employment/Income
Documentation requirements per Desktop Underwriter as follows:

Wage Earner/Salaried Income: Salaried: minimum one current paystub.
2 year employment history must be disclosed on the application. Documentation required per DU findings. Verification of Employment (VOE) forms are acceptable only with valid pay check stubs, W2’s, and/or 4506T processed transcripts or W2 transcripts. In all cases, a verbal verification of employment confirming the length of employment and position is required within 5 days of closing.

Self Employed Income: Self-employed: minimum one year’s federal income tax return.
Income documentation requirements are determined by DU. A verbal verification that the business has been in existence and operation for a minimum of 2 years is required within 5 days of closing.

Other Income: Other sources of income may be used to qualify. All income entered into DU
will be validated and verified. Documentation requirements are determined according to the current selling guideline for Fannie Mae. Verification of length of time received and continuation are required as per the applicable guideline.

3.01 Foreign Income/Working for Family Owned Business
Regardless of your DU Findings the following guidelines will apply for Foreign Income and for borrowers employed by family owned businesses. DU cannot evaluate or determine the source of this income so it is necessary to overlay the guide requirement to the AUS findings.

Foreign Income: Documentation requirements for U.S. Citizens using foreign income to qualify must be able to document their income with copies of two years signed federal income tax returns and standard income documentation such as year to date paystubs and W2 forms for prior two years. All income must be translated to U.S. Dollars.

Family Owned Business: Documentation requirements for borrowers using income received from employment at a family owned business to qualify must be able to document their income with copies of two years signed federal income tax returns and standard income documentation such as year to date paystubs and W2 forms for prior two years.

3.02 Income from Alimony or Child Support
Document that alimony or child support will continue to be paid for at least three years after the date of the mortgage application, as verified by a photocopy of a divorce decree or separation agreement (if the divorce is not final) that indicates payment of alimony or child support and states the amount of the award and the period of time over which it will be received. If a borrower who is separated does not have a separation agreement that specifies alimony or child support payments, we cannot consider any proposed or voluntary payments as income for the purpose of loan qualification. Other types of acceptable documentation include:

- Written legal agreement or court decree describing the payment terms for the alimony or child support, or
- Any applicable state law that mandates alimony, child support, or maintenance payments. The document must specify the conditions under which the payments must be made.

Check for limitations on the continuance of the payments, such as the age of the children for whom the support is being paid or the duration over which alimony is required to be paid. Document the borrower’s regular receipt of the full payment, as verified by deposit slips, court records, copies of signed federal tax returns that have been filed with the IRS, or copies of the borrower’s bank statements showing the regular deposit of these funds. Review the payment history to determine its suitability as qualifying income. Full, regular, and timely payments must be made 12 months or longer for income to be considered stable. If the payments can only be verified between 6 and 12 months, it may be used to qualify provided the income does not represent more than 30% of the total gross income used to qualify the borrower for the mortgage.

Fewer than six months is considered unstable or if full or partial payments are made on an inconsistent or sporadic basis regardless of the length of time received, the income is considered unsuitable for qualifying.

3.03 4506T/Amended 1040’s
Borrowers that have amended tax returns filed prior to the date of the loan application must
provide the original filed tax return and the amended return. If the return was amended ≤ 60
days from the application, evidence of any payment that was required must be documented
with source of payment. (withdrawal from bank account, bank statement showing cleared
account, etc.) If the tax returns were filed after the date of the loan application borrower must
provide evidence of filing and payment (or ability to pay if the check has not cleared).
Borrower must also provide a letter of explanation regarding the reason for the amended filing.
Processed 4506T will be required and the loan will not be able to close without receipt of the
associated transcript for the tax year that was amended. Borrowers that amend 1040’s to
eliminate 2106 expenses, or increase income will still be evaluated on a minimum of a two
year history for tax return filings and reasonability of amended returns.

4.00 Assets
Asset verification is required per DU Findings. If a VOD is provided for asset verification, 1-
month's bank statement, at minimum, is also required regardless of DU Findings. All funds
used to close the transaction must be disclosed on the application and input in DU. Funds
coming from a source other than what is verified and disclosed are required to be re-run
through DU and documented per the DU Findings. A copy of all funds used to close the
transaction must be in the file at the time of closing/wire. Funds must be from a verified
acceptable source in accordance with Fannie Mae guidelines.

4.01 Cash Reserve Requirements
Cash reserve requirements will be per the DU findings. AMX/Land Home Financial requires a
minimum of one checking or savings account to be disclosed on the loan application and
verified regardless if reserves are required or not. (unless borrower does not have depository
account.

5.00 Property/Appraisal
Appraisal Waiver (PIW) is required on all conforming and high balance loans for LTV's in
excess of 105%. All LTV's in excess of 105% must have Property Inspection Waiver on this
program. We will use the value as determined by FNMA. In the case where a value cannot be
determined we will be unable to complete the transaction. Appraisals will not be accepted.
Value produced from DU will be used regardless of whether DU accepts a higher value than
the estimated value provided by DU.

Property Inspection Waivers validated by DU will have a $75.00 fee in order to process the
PIW.

Form 1007, Market Rent Survey is required for investment properties for 1-unit properties.

5.01 Recently Listed Property
Properties listed for sale within the last 12 are not eligible for financing.

5.02 Condominium – Limited Project Review
Limited project review is utilized for DU Refi Plus. Requirements:

• Walls-in (H06) Insurance Coverage.
• Master Insurance Policy with Fidelity Bond for over 20 units.
• Evidence of HOA fee and project name.
5.03 Project Litigation
Mortgage loans in projects with litigation are eligible through DU Refi Plus.

5.04 Multiple Owned Properties
No limit to number of financed properties owned under DU Refi Plus.

5.04 Maximum Number of Financed Properties by AMX
Maximum number of properties financed by AMX is limited to $1 million in loans to one borrower for LTV’s less than 95%, greater than 95% limited to 2 properties, one owner occupied, and one 2nd home or investment.

6.00 Mortgage Insurance Requirements
The level of MI coverage in force on the existing loan must be transferred to the subject loan and will be indicated on DU feedback. Obtain a copy of the monthly mortgage statement to determine if monthly or upfront coverage is in place. All mortgage payments must be current. 2 months impounds required for Borrower paid.

Existing Single Refundable Premium MI, Borrower Paid or Lender Paid is ineligible.

Loans originally closed with LPMI are not eligible. We are not accepting converted policies to borrower paid MI.

MI Loans over 105% LTV with Radian, Triad or RMIC with appraisals are ineligible.

Existing MI with Radian in the state of Vermont is ineligible and Borrowers may not be removed from loan/deed.

Existing MI with Genworth in Pennsylvania and Illinois are ineligible.

Existing MI with PMI: all original Borrowers must remain on loan/title.

6.01 Interest Only – Not acceptable for DU Refi Plus Program

6.02 Additional Underwriting Guidelines
Any item not covered in the guidelines can be accessed by searching the Fannie Mae Seller Guides at the following internet location:


For specific scenario requests, please email:

scenarios@amxloans.com