



# HomePath

Desktop Underwriter is required

<p><b>Home Path General Requirements</b></p>	<p><b>PURCHASE TRANSACTIONS ONLY. 30 OR 15 YEAR FIXED RATE PRODUCT ONLY. MUST RECEIVE D/U APPROVE/ELIGIBLE ONLY. HOME PATH RENOVATION LOANS ARE NOT ACCEPTABLE</b></p> <p>Branch must provide the fully executed NOTICE TO HOMEPATH PROGRAM BUYERS REGARDING APPRAISAL form. This form must be executed with same date as the initial loan application. Branch must also access FNMA HomePath website and print the listing information on the subject property and include in loan file. <a href="http://www.homepath.com">www.homepath.com</a> The specific property data page must reflect the HomePath logo in order to be valid; Verify property eligibility for HomePath financing and contain date the information was accessed from website.</p> <p>Purchase agreement must include purchase addendum with pg. 1, paragraph 3 indicating that the agreement is contingent on FNMA Special REO financing from participating lender. If this is not indicated and Borrower(s) wants to use HomePath financing, RE Agent to ensure the contract addendum is updated accordingly to reflect the HomePath financing option.</p>
<p><b>Appraisal</b></p>	<p>Appraisals are not required. LTV/CLTV's are based off Purchase Price.</p> <p>If the borrower, at their option, chooses to obtain an appraisal, then:</p> <p>The borrower must order the appraisal from an appraiser selected by the borrower (and not one recommended by the seller and /or originating lender), and the appraisal must be paid for by the borrower outside of the loan transaction. Seller and/or originating lender must NOT request a copy of the appraisal. If one is provided by the borrower then the loan <b>CANNOT</b> use the HomePath program.</p>
<p><b>Borrowers</b></p>	<p><b><u>Eligible Borrowers</u></b></p> <ul style="list-style-type: none"> <li>• Individuals who are citizens or lawful residents of the United States.</li> <li>• Revocable Trust (prior approval by a Sr. Underwriter or Corporate Administrator): Owner-Occupied and 2<sup>nd</sup> Home. PBM will not allow borrowers to take title in the name of the trust on an investment property.</li> </ul> <p><b><u>Ineligible Borrowers</u></b></p> <ul style="list-style-type: none"> <li>• Corporations</li> <li>• Foreign Nationals (including diplomatic immunity)             <ul style="list-style-type: none"> <li>• Partnerships</li> </ul> </li> </ul>
<p><b>Cash Reserves/Down Payment</b></p>	<p>For loans with LTV/CLTV from 80.01 – 95%, the occupant borrow must provide 5% of the purchase price as a down payment from their own funds.</p> <p>For loans with LTV/CLTV greater than 95% there is no minimum contribution requirement from the borrower's own funds.</p>



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The following sources are eligible when LTV/CLTV exceeds 95%:

- Gift Funds from acceptable donors.
- Grants from a borrower's employer, public agency, or nonprofit organization, provided no repayment is required or expected.
- Secured loans from a relative, domestic partner or fiancé that comply with the following:

- The loan must be a fixed rate loan at an interest rate not to exceed the note rate of the mortgage by more than 2%.
- The loan can require a balloon payment provided it is not within the first five years of the loan.
- The borrower must provide a document that is signed by the note holder that identifies the note holder's name, address, relationship to the borrower, and the terms of the loan; and
- The note holder cannot be an interested party to the transaction, nor can the note holder obtain the funds to lend to the borrower from an interested party to the transaction.

Secured loan from an employer, public agency, or nonprofit organization, not including credit unions;

- Must be documented with an award letter or legal agreement from the note holder and must disclose the terms and conditions of the loan.

In all circumstances described above, evidence of the transfer of the funds to the borrower is required.

Reserves will be determined by DU.



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<p><b>Credit</b></p>	<p>Credit scores for Standard Conforming are as follows:  LTV's =&lt; 80% require a minimum of 620 score. For LTV's &gt;80% require minimum of 660 score.</p> <p>Credit Scores required for High Balance are per the Home Path Matrix.</p>
<p><b>Contributions (Seller)</b></p>	<p><b><u>Owner Occupied/ Second Home</u></b></p> <ul style="list-style-type: none"> <li>• 75.01 or greater 6% maximum</li> <li>• ≤ 75% LTV/CLTV 9% maximum</li> <li>• Maximum allowable commissions of 8% total Listing, Selling Agent and REO service or auction house costs.</li> </ul> <p><b><u>Non-Owner</u></b></p> <ul style="list-style-type: none"> <li>• 2% All LTV's</li> </ul>
<p><b>Disposition of Property</b></p>	<p><b>If Current principal is pending sale</b> but the transaction will not be closed (with title transfer to a new owner) prior to the new transaction:</p> <ul style="list-style-type: none"> <li>• When the loan is to purchase new principal residence and the borrower's current principal residence is pending sale, the borrower must have at least 6 months of PITI reserves (or 2 months with at least 30% Equity in current residence), but current residence PITI not required to be considered in qualifying the borrower if executed sales contract for current residence is documented and confirmation obtained that all financing contingencies have been cleared.</li> </ul> <p><b>If conversion to a Second Home –</b></p> <ul style="list-style-type: none"> <li>• Both the current and proposed mortgage payments must be used to qualify the borrower for the new transactions; and</li> <li>• 6 mos. of PITI for both properties is required to be in reserves. Lender may consider reduced reserves of no less than 2 mos. for both properties if there is documented equity of at least 30% in the existing property (derived from an appraisal, AVM or BPO (Broker price opinion), minus outstanding liens).</li> </ul> <p><b>If conversion to an Investment Property –</b>  FNMA will continue to permit up to 75% of the rental income to be used to offset the mortgage payment in qualifying if there is documented equity of at least 30% in the existing property (derived from an appraisal, AVM or BPO, minus outstanding liens).</p>



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	<p><b>The rental income must be documented with:</b></p> <ul style="list-style-type: none"> <li>• A copy of the fully executed lease agreement; and</li> <li>• The receipt of a security deposit from the tenant and evidence of the deposit into borrowers account.</li> </ul> <p><b>If the 30 percent equity in the property cannot be documented,</b> rental income may not be used to offset the mortgage payment.</p> <ul style="list-style-type: none"> <li>• Both the current and the proposed mortgage payments must be used to qualify the borrower for the new transaction; and</li> <li>• 6 months of PITI for both properties is required to be in reserves.</li> </ul>
<b>Documentation</b>	<ul style="list-style-type: none"> <li>• Full</li> <li>• Per DU Approve/Eligible</li> </ul>
<b>Gift Funds</b>	<p>See Cash Reserves/Down Payment Immediate Family Member 5% from borrower's own funds</p>
<b>Housing Payment Verification</b>	Per DU Findings
<b>Impounds</b>	Must include taxes & insurance if the LTV of the first lien being originated is 90% or above
<b>Interest Only</b>	<ul style="list-style-type: none"> <li>• Not Allowed</li> </ul>
<b>Mortgage Insurance Coverage Fixed Rate</b>	Not Required regardless of LTV or DU recommendation.



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<p><b>Non-Occupant Co-Borrowers</b></p>	<p>Non Occupant co borrowers are allowed.</p> <ul style="list-style-type: none"> <li>• For loans with CLTV greater than 95%, all borrowers must occupy the property as their primary residence.</li> <li>• For loan with LTV/CLTV less than or equal to 95%, follow standard parameters for non-occupant co-borrowers.</li> </ul>
<p><b>Non-Owner Occupied Transactions</b></p>	<ul style="list-style-type: none"> <li>• Refer to section 'number of properties owned'</li> <li>• Because no appraisal will be required <b>a fully executed lease or rental agreement is required in order to use rental income to qualify.</b> If no lease or rental agreement is available then the rental income CANNOT be used to qualify</li> <li>• 6 months reserves – PITI Subject and 2 months reserves for each additional property or 6 months reserves for each multiple unit owned.</li> <li>• Seller Concession – maximum 2%</li> <li>• Nonpermanent Resident Aliens are not permitted.</li> <li>• Rent Loss Insurance required for 2-4 units (gross rentals minimum 6 mo.)</li> <li>• <b>DU Approval Required</b></li> </ul>



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<b>Number of properties owned</b>	<ul style="list-style-type: none"> <li>• 4 property limitation when subject property is secured by an investment property or second home, the borrower may not own more than 4 properties (including his/her primary residence) that are currently financed.</li> <li>• The borrower who has multiple mortgages secured by investment properties must meet minimum reserve requirement for each investment property owned.</li> </ul>
<b>Number of loans to one borrower</b>	Provident Bank Mortgage will make no more than 3 loans to one borrower: One (1) Owner-Occupied and two (2) Non-owner Occupied
<b>Occupancy</b>	Primary, Second Home or Investment
<b>Property Types</b> <u>See “Underwriting specific property types”</u>	<p>SFR Attached &amp; Detached, Condo, PUD 2-4 Unit Properties</p> <ul style="list-style-type: none"> <li>• <u>Condo</u> Condo projects do not need to be reviewed for project eligibility; however standard insurance validation for adequate hazard, flood, disability, and fidelity coverage must be completed. (added 9/14/2010)</li> </ul> <p><u>PUD</u></p> <ul style="list-style-type: none"> <li>• FNMA Type E &amp; Type F</li> </ul>
<b>Property Requirements</b>	<p>Resale Deed restriction are not allowed Leasehold properties are not allowed</p>
<b>Qualifying Rate</b>	<p>Qualify at note rate/Fully amortized I/O not allowed</p>
<b>Qualifying Ratio's</b>	Per DU Findings Standard FNMA Guidelines of 45% maximum DTI with possibility of 50% with compensating factors.



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<b>Secondary Financing</b>	<ul style="list-style-type: none"><li>• Per FNMA Guidelines</li></ul>
<b>Underwriting</b>	<p>FNMA D/U AUS ONLY REQUIRED DU is run as normal ignoring requirements for Appraisal or Mortgage Insurance. DU Finding with an "Approved/Eligible recommendation or;</p> <p>DU Findings with an "Approved/Ineligible recommendation where the only reason for the ineligibility is:</p> <ul style="list-style-type: none"><li>• LTV greater than 85% for 1 unit properties; or</li><li>• LTV greater than 75% for 2 unit investment properties.</li></ul>