Eligible Borrowers rev. 06 Revised 9/3/2013

Plaza's Underwriting Guidelines are designed to provide guidance as a standard to underwriting loans. There are cases where specific loan programs have more restrictive or inclusive guidelines, in these cases the Program Summary guidelines should be followed.

Eligible Borrowers

Eligible borrowers must be a natural person Loans are made to individuals only. The individual borrowers must execute the Note and Security instruments.

Borrowers Age

All borrowers must have attained the age at which the mortgage note can be legally enforced in the jurisdiction in which the subject property is located.

There is no maximum age limit for borrowers. All applicants are evaluated on their ability to meet Plaza's underwriting guidelines.

Ownership Interest

A borrower must establish ownership interest in the security property and become liable for the note (whether individually or jointly) by:

- Signing the security instrument,
- Signing the mortgage or deed of trust note,
- Taking title to the property in the name of the individual borrower(s) or eligible Living Trusts.

Occupancy Type

Plaza makes mortgage loans to the following occupancy types subject to individual loan program restrictions and requirements:

- Owner-occupied principal residence
- 2nd Home
- Investment properties

Multiple Financed Properties

A borrower may finance multiple properties if he or she is qualified and if the following requirements are met:

- The loan must comply with Plaza's limitations on the maximum number of financed properties, including ownership interests in financed properties, as well as eligibility, underwriting, and reserve requirements.
- The borrower must have sufficient assets to close after calculating reserve requirements.
- For minimum reserve requirements refer to Minimum Reserve Requirements.

Maximum Number of Financed Properties

If the mortgage is secured by the borrower's primary residence, there are no limitations on the number of properties that the borrower can currently be financing.

If the mortgage is secured by a second home or an investment property, the borrower may own or be obligated on up to 10 financed properties (including his or her primary residence).

Standard eligibility and underwriting policies apply if the borrower is financing a second home or investment property and will have 1 to 4 financed properties.

- The financed property limit applies to the borrower's ownership of 1 to 4 unit financed properties or mortgage obligations on such properties and is cumulative for all borrowers.
- These limitations apply to the total number of properties financed, not to the number of mortgages on the property for all mortgage loans, whether underwritten manually

or through DU.

If the borrower will have 5 to 10 financed properties, the mortgage loan must comply with the eligibility, underwriting and delivery requirements described herein, unless otherwise stated in the Program Summaries.

For additional information see Rental Income, Minimum Reserve Requirements, and Monthly Debt Obligations.

Ownership Type Limitations for Multiple Financed Properties

The following describes how to apply the limitations based on the type of property ownership:

- Joint ownership of residential real estate. (This is considered to be the same as total ownership of an individual property.)
  Note: Other properties owned or financed jointly by the borrower and co-borrower are only counted once.
- Ownership of commercial real estate.
- Joint or total ownership of a property that is held in the name of a corporation or S-corporation, even if the borrower is the owner of the corporation and the financing is in the name of the corporation or S-corporation.
- Joint or total ownership of a property that is held in the name of a corporation or S-corporation, even if the borrower is the owner of the corporation; however, the financing is in the name of the borrower.
- Obligation on a mortgage debt for a residential property (regardless of whether or not the borrower is an owner of the property).
- Ownership of a vacant (residential) lot.
- Joint or total ownership of a property that is held in the name of a limited liability company (LLC) or partnership.

Applying the Multiple Financed Property Policy to DU Loan Casefiles

DU is not able to determine the exact number of financed properties the borrower owns or is obligated on, but does issue a message on second home and investment property transactions when the borrower appears to have other financed properties.

Important

Apply the eligibility and underwriting requirements manually to investment property and second home transactions that are underwritten through DU, as applicable.

Investor and Second Home Borrowers with 5 to 10 Financed Properties

Ownership Requirements

Investor and second home borrowers with 5 to 10 financed properties must meet the following eligibility requirements:

Type of Property Ownership	Property Subject to Limitations?
Joint ownership of residential real estate. (This is considered to be the same as total ownership of an individual property.)	Yes

Note: Other properties owned or financed jointly by the borrower and co-borrower are only counted once.	
Ownership of commercial real estate.	No
Joint or total ownership of a property that is held in the name of a corporation or S-corporation, even if the borrower is the owner of the corporation and the financing is in the name of the corporation or S-corporation.	No
Joint or total ownership of a property that is held in the name of a corporation or S-corporation, even if the borrower is the owner of the corporation; however, the financing is in the name of the borrower.	Yes
Obligation on a mortgage debt for a residential property (regardless of whether or not the borrower is an owner of the property).	Yes
Ownership of a vacant (residential) lot.	No
Joint or total ownership of a property that is held in the name of a limited liability company (LLC) or partnership.	Yes

Examples:

- If the borrower owns 2 financed investment properties and the co-borrower owns 3 other financed investment properties, then jointly, the borrowers have 5 financed investment properties in addition to their principal residence(s), if applicable.
- If the borrower is obligated on a mortgage for a residential property (though is not on title) and the co-borrower owns a second home and an investment property (both of which are financed), then jointly, the borrowers have 3 financed properties that must be included in the count in addition to their principal residence(s), if applicable.
- If a borrower and a co-borrower are purchasing an investment property and they already own and/or are obligated on 5 other investment properties that they jointly own and/or are obligated on, the new property being purchased would be considered the borrowers' 6th investment property.
- If a borrower owns 5 properties individually and is 100% owner of a corporation that owns an additional 5 properties, of which 2 of those properties are secured by mortgages that are shown on the borrower's credit report, the borrower would be considered to have 7 financed properties.

Applying the Multiple Financed Property Policy to DU Loan Casefiles

DU is not able to determine the exact number of financed properties the borrower owns or is obligated on, but does issue a message on second home and investment property transactions when the borrower appears to have other financed properties.

Important

Apply the eligibility and underwriting requirements manually to investment property and second home transactions that are underwritten through DU, as applicable.

Financing Eligibility

Investor and 2nd home borrowers with 5 to 10 financed properties are limited to the following financed terms:

2nd Home or Investment Property			
Transaction Type	**Number of Units**	**Maximum LTV/CLTV/HCLTV Ratio**	**Minimum Credit Score**
Purchase Limited Cash-Out Refinance	1-Unit	Loans subject to general loan limits FRM: 75% ARM: 65%	720
		Loans subject to high-balance limits FRM/ARM: 65%	
Cash-Out Refinance (only if within 6 months of purchase and all delayed financing exception requirements are met.	1-Unit	Loans subject to general loan limits FRM: 70% ARM: 60%	720
Investment Property			
Purchase Limited Cash-Out Refinance	2-4 Units	Cash-out refinance (only if within 6 months of purchase and all delayed financing exception requirements are met.	720
		Cash-out refinance (only if within 6 months of purchase and all delayed financing exception requirements are met.	
		Cash-out refinance (only if within 6 months of purchase and all delayed financing exception requirements are met.	
Cash-Out Refinance (only if within 6 months of purchase and all delayed financing exception requirements are met.	2-4 Units	Loans subject to general loan limits FRM: 65% ARM: 60%	720

Underwriting Requirements:

Investor and 2nd Home Borrowers with 5 to 10 Financed Properties	
Underwriting or Characteristic	**Policy**
Mortgage Delinquencies	The borrower cannot have any delinquencies (30-day or greater) within the past 12 months on any mortgage loans.
Rental Income	Rental income on the subject investment property must be fully documented per program guidelines. Rental income from other properties owned by the borrower must be supported by the most recent signed federal income tax return. If rental income has not yet been reported on tax returns because the properties were acquired subsequent to the last tax filing, leases may be used to document rental income.
Minimum Reserve Requirements	The borrower must have reserves for the subject property and for other properties in accordance with program minimum reserve requirements.

Non-Occupant Co-Borrowers, Guarantors, Co-Signers and Non-Borrowing Entity

Non-Occupant Co-Borrowers

- Credit applicants who do not occupy the subject property as their primary residence.
- Have an ownership interest in the subject property as indicated on the title.
- Sign the mortgage or deed of trust note.
- Have joint liability for the note with the borrower(s), and
- May not be an interested party to the property sales transaction (i.e. seller, builder, or real estate broker)

Guarantors and Co-Signers

- Credit applicants who do not have ownership interest in the subject property as indicated on the title.
- Do not sign the mortgage or deed of trust
- Have joint liability for the note with the borrower, and
- May be an interested party to the property sales transaction (i.e. seller, builder, or real estate broker)

Non-Borrowing Entity or Spouse

- Have an ownership interest in the subject property as indicated on title
- Sign the mortgage or deed of trust
- Is not on the note and is not on the loan (title only)
- May not be an interested party to the property sales transaction (i.e. seller, builder, or real estate broker.

Down Payment & Qualifying Ratio – Refer to Asset Section of Plaza's Underwriting Guidelines

DU - LTV & Occupancy

If the income of a guarantor, co-signer, or non-occupant co-borrower is used for qualifying purposes, the combined LTV ratio determines whether the guarantor or co-signer is required to occupy the subject property, as summarized in the following table:

Combined LTV Ratio	Occupancy Required?
Less than or equal to 90% and eligible manually underwritten loans	No
Greater than 90%, and eligible manually underwritten loans	Yes
Less than or equal to 97%, DU loan casefiles	No

DU and Non-Occupant Co-Borrowers

DU analyzes the risk factors in the loan case file without the benefit of the non-occupant co-borrower's income or liabilities. DU does not require verification of employment or income for non-occupant co-borrowers.

LP and Non-Occupant Co-Borrowers

When a Mortgage includes a non-occupying borrower, and the loan-to-value (LTV) ratio is greater than 80%, the occupant Borrower must make the first 5% down payment from the occupant Borrower funds. Funds that are owned jointly by the occupant Borrower and the non-occupying Borrower are considered the funds of the occupant Borrower.
For Accept Mortgages and A-minus Mortgages with a non-occupying Borrower, the Seller is not required to calculate or evaluate the occupant Borrower's monthly housing expense-to-income ratio. For Manually Underwritten Mortgages with a non-occupying Borrower, the occupant Borrower's monthly housing expense-to-income ratio should not exceed 35% of the occupant Borrower's stable monthly income.

Trusts

Refer to Plaza's Living Trust Policy for specific details.

Borrower Identity

General Borrower Identity Criteria

A borrower is any applicant (e.g., individually or jointly) whose credit is used for qualifying purposes to determine ability to meet Plaza's underwriting and eligibility standards. "Co-borrower" is a term used to describe any borrower other than the first borrower whose name appears on the note.

Lenders must confirm each borrower's identity prior to the extension of credit. Plaza's requirements for borrower identity verification are intended to align with lenders' existing federal obligations under laws requiring information and document verification, including the Department of Treasury's Office of Foreign Assets Control (OFAC) regulations and the U.S. Patriot Act. See A3-2-01, Compliance With Laws (12/01/2010), for additional information concerning borrower identity verification.

Tax Identification Numbers

Plaza requires all borrowers to have a valid Social Security number or Individual Taxpayer Identification Number (ITIN) (in addition to meeting existing legal residency and documentation requirements). DU may identify data integrity issues pertaining to the borrower's Social Security number. Resolve any issues, including numbers not issued, borrower age/issue date discrepancies, or Social Security numbers associated with deceased individuals.

Plaza requires validation of the Social Security number or ITIN for all borrowers with the Social Security Administration (SSA).

Upon positive validation of the Social Security number or ITIN with the SSA, the lender must deliver the loan with SFC 162. SFC 162 should only be used if there is a discrepancy identified with the Social Security number or ITIN (for example, identified via Loan Delivery edits), and the Social Security number or ITIN was validated through the SSA.

- If the Social Security number or ITIN cannot be validated with the SSA, the loan is not eligible.
- If the borrower's Social Security number or ITIN format is invalid and the borrower cannot provide a valid Social Security number or ITIN the loan is not eligible.

First Time Homebuyers

A first-time homebuyer is defined as a borrower who:

- Will purchase and reside in the subject property, **AND**
- Has had no ownership interest (sole or joint) in a residential property during the 3-year period preceding the date of purchase of the subject property; **OR**
- Is a displaced homemaker or single parent who has had no ownership interest in a principal residence (other than joint ownership with a spouse) during the preceding 3 year period.

Non US Citizens

Plaza will make mortgages made to non–U.S. citizens who are lawful permanent or non-permanent residents of the United States under the same terms that are available to U.S. citizens. The loan file must contain evidence that the non–U.S. citizen borrower is legally present in this country.

Permanent Resident Aliens

A permanent resident alien is an immigrant who, although not a U.S. citizen, has been granted the right to live and work permanently in the United States. The borrower is required to provide a valid Social Security number for loan eligibility purposes.

Permanent resident aliens are eligible for financing under the same terms and conditions as U.S. citizens.

Copies of passports, visas, Resident Alien/Permanent Resident cards or other residency status or employment documents must be provided and included in the loan file.

Note: Non-Permanent Resident aliens are not eligible for Plaza Jumbo Elite Program.

Residency Documentation

Form	Details
Resident Aliens Permanent Resident Card (Form I- 551) **Note: Commonly referred to as a Green Card**	Permanent Residency cards are valid for 10 years and the expiration date is printed on the card. AR-3, AR-103 and I-151 cards are old versions of the Permanent Resident card and are not acceptable, as they should have been exchanged for an I-551 card. Permanent Resident cards (Form I- 551) that are due to expire within 6 months must be accompanied with a copy of United States Citizenship and Immigration Services (USCIS) Form I-90 (Application to Replace Permanent Resident Card) filing receipt. **Note**: Between 1977 and 1989, Resident Alien cards were issued by the U.S. Department of Justice or Immigration and Naturalization Service without expiration dates. Such cards are still valid, and are acceptable as evidence of lawful permanent residency. A Permanent Resident Card (Form I-551) may be issued to a Conditional Permanent Resident, which was granted through marriage to a U.S. citizen or permanent resident alien, or based on a financial investment in a U.S. business. • Front of card notates CR (Conditional Resident) or lists a conditional visa classification of how the individual was admitted to the U.S. • Valid for 2 years from the date of issuance unless an extension is granted and notated on the card for an additional year. • Conditional Permanent Resident Cards cannot be renewed. At the end of the 2 years, the individual must apply for an unconditional right to reside or risk losing their permanent resident status. • Cards that are due to expire within 90 days must be accompanied by a copy of United States Citizenship and Immigration Services (USCIS) Form I-751 (Petition to Remove Conditions on Residence) or USCIS Form I-829 (Petition by Entrepreneur to Remove Conditions) filing receipt.

Application to Replace Permanent Resident Card (Form I-90)	Used to renew or replace a Permanent Resident Card. Required if Permanent Resident Card is expired: • Form I-797, Notice of Action is required indicating Form I-90 was filed if an expired Resident Alien/Permanent Resident Card is presented or being replaced, or Alien Registration Receipt Cards AR-3, AR-103 or I-151 are provided. • Borrower must provide temporary evidence of lawful permanent residence status issued by United States Citizenship and Immigration Services (USCIS) when replacing a Resident Alien/Permanent Resident Card, such as an unexpired foreign passport stamped: Processed for I-551 Temporary Evidence of Lawful Admission for Permanent Residence, Valid Until (date), and Employment Authorized.
Unexpired Foreign Passport and/or Arrival-Departure Record (Form I-94/I- 94A, I-94W or I-95)	Must contain an unexpired stamp stating: Processed for I-551. Temporary Evidence of Lawful Admission for Permanent Residence, Valid Until (date), Employment Authorized.

Non-Permanent Resident Aliens

A non-permanent resident alien is a temporary resident, who, although not a U.S. citizen, has been granted the right to live and/or work in the United States for a specific period of time. The borrower is required to provide proof of non-permanent resident alien status **and** employment authorization, if applicable, for loan eligibility purposes. The borrower must also provide a valid Social Security number for loan eligibility purposes.

Non-permanent resident aliens are considered under the same terms and conditions as a U.S. citizen.

All non-permanent resident aliens must provide evidence of a valid, acceptable visa. A copy of the unexpired visa must be included in the loan file evidencing one of the following visa classes:

A Series (A-1, A-2, A-3): these visas are given to officials of foreign governments, immediate family members and support staff. Only those without diplomatic immunity, as verified on the visa, are allowed.

E-1, Treaty Trader: this visa is essentially the same as an H-1 or L-1; the title refers to the foreign country's status with the United States.

G series (G-1, G-2, G-3, G-4, G-5): these visas are given to employees of international organizations that are located in the United States. Some examples include the United Nations, Red Cross, World Bank, UNICEF and the International Monetary Fund. Verification that the applicant does not have diplomatic immunity must be obtained from the applicant's employer and/or by the viewing the applicant's passport.

	H-1 (includes H-1B and H-1C), Temporary Worker: this is the most common visa given to foreign citizens who are temporarily working in the United States. L-1, Intra-Company Transferee: an L-1 visa is given to professional employees whose company's main office is in a foreign country. TN, NAFTA visa: used by Canadian or Mexican citizens for professional or business purposes. TC, NAFTA visa: used by Canadian citizens for professional or business purposes. All standards for determining stable monthly income, adequate credit history and sufficient liquid assets must be applied in the same manner to each borrower including borrowers who are non-permanent resident aliens. **Note:** If all borrowers on the loan are non-permanent resident aliens, each Borrower must have been employed in the U.S. for the previous two (2) years. There are no restrictions for non-permanent resident aliens; they should be underwritten using the same criteria as United States citizens. However, documentation must be provided showing that the borrower is a legal resident with a U.S. source of income that can be expected to continue for three years. Obtaining a copy of a valid work permit satisfies both requirements. Loans to non-citizens who have been granted political asylum require underwriting to non-permanent resident alien guidelines. Asylees and refugees must provide their Arrival and Departure Records (INS Form I-94) and copies of their employment authorization documents. A grant of asylum is for an indefinite period. A grant of asylum is for an indefinite period. **Foreign Nationals (Non-Resident Aliens)** Foreign nationals have no lawful residency status in the U.S. and are not eligible for financing. **Diplomatic Immunity** Due to the inability to compel payment or seek judgment, transactions with individuals who are not subject to United States jurisdiction are not eligible. This includes embassy personnel with diplomatic immunity. Verification the borrower does not have diplomatic immunity can be determined by reviewing the visa, passport or the U.S. Department of State's Diplomatic List at http://www.state.gov/s/cpr/rls/.
Excluded Parties Verification	Plaza requires lenders to confirm that companies or individuals involved in the origination, underwriting, or servicing of the mortgage transaction are not on the General Services Administration (GSA) Excluded Party List or the HUD Limited Denial of Participation list (LDP List). Regardless of the reason or the scope for the party being excluded, any party to the

transaction included on either list will result in the loan being ineligible for delivery.

Example: a party to the transaction who is excluded from participating in HUD multi-family programs or excluded from participating within a narrowly defined HUD geography would be considered by Plaza as an excluded party and the loan would be ineligible for delivery.

Material parties include but are not limited to:

- Borrower
- Seller
- Processor
- Underwriter
- Listing/Selling Realtors
- Builder
- Loan Originator
- Correspondent/Broker Company
- Title Agent/Title Company
- Closing Attorney/Settlement Agent/Escrow Officer/Settlement Company
- Notary and Appraiser/Appraisal Company

It is the responsibility of the underwriter to ensure that material parties' names were entered and validated according to Plaza's requirements.

Ineligible Borrowers

- A non U.S. citizen who has no lawful residency status in the U.S.
- Individuals with diplomatic immunity or other exclusions from U.S. jurisdiction.
- Loans to borrowers if title is taken in the name of a corporation, partnership LLC or a non-revocable trust or life estate.