

Revised 9/30/2014 rev. 13

(Click the link to go straight to the section)

1	Program Summary	11	Underwriting Method	21	Max Financed Properties
2	Product Codes	12	Credit	22	Mortgage Insurance
3	Program Matrix	13	Income and Employment	23	Repair Escrows
4	Occupancy	14	Qualifying Ratios	24	ARM Adjustments
5	Transactions	15	Down Payment/Gifts	25	Temporary Buydowns
6	Property Flips	16	Reserves	26	Insurance
7	Identity of Interest	17	Interested Party Contributions	27	Other Features
8	Loan Limits	18	Property Eligibility	28	Forms - Correspondent
9	Subordinate Financing	19	Appraisal		Forms - Plaza Internal
10	Borrower Eligibility	20	Geographic Restrictions		Forms - Wholesale

Section 1 Program Summary

Fannie Mae is eliminating the variances for HomePath® Mortgages after October 6, 2014. In order to be eligible for the HomePath® Mortgage program the following must apply:

- There must be an executed purchase contract, for the sale of the related property, and the contract must be dated on or before October 6, 2014.
- The loan file must be documented with a copy of the property's "Listing Details" page printed from www.homepath.com on or before October 6, 2014, showing the HomePath Mortgage and/or HomePath Renovation Mortgage logo, indicating the property's eligibility for HomePath Mortgage and/or HomePath Renovation Mortgage financing.
- HomePath® Mortgages must be funded or purchased by Plaza on or before December 31, 2014.

Fannie Mae will continue to offer HomePath properties for sale. Plaza will provide financing for these properties under standard program guidelines. Plaza's Fannie Mae Retained Fixed Rate Program will include allowances for Fannie Mae financing flexibilities for Fannie Mae-owned (HomePath) properties.

The Program Guidelines supplement Plaza's Conventional Underwriting Guidelines. Refer to the Underwriting Guidelines for any information not specified in the Program Guidelines.

The Fannie Mae HomePath® program is a fixed-rate, fully amortizing loan program that provides financing for properties that are owned by Fannie Mae as a result of foreclosure or other similar action. The property must be designated by Fannie Mae as eligible for a HomePath® Mortgage as evidenced by the following dual logo:



Properties with this dual logo are eligible for HomePath® financing which features:

- Low down payment. A minimum of 5% down payment is required which can be funded by the borrower's own savings, a gift, a grant, or a secured loan from a nonprofit organization, state or local government, or employer.
- No appraisal required.

- No mortgage insurance required.
- Expanded seller contributions for closing costs.

The HomePath® Renovation program is not offered by Plaza.

Section 2 Product Codes

Loan Term & Product Code		
Loan Term	Product Name	Product Code
30 Yr	30 Year Fixed HomePath®	CF30HOME
15 Yr	15 Year Fixed HomePath®	CF15HOME
30 Yr	30 Year Fixed HomePath® High Balance	CF30HOMEHB

Section 3 Program Matrix

CONFORMING FIXED RATE				
Primary Residence Purchase				
Property Type	LTV	CLTV	Min Credit Score	Maximum DTI
1-Unit	95%	95%	660	Per DU
	80%	80%	620	Per DU
2-Units	85%	85%	660	Per DU
	80%	80%	620	Per DU
3-4 Units	75%	75%	620	Per DU
Second Home Purchase				
1-Unit	90%	90%	660	Per DU
	80%	80%	620	Per DU
Investment Property Purchase				
1-Unit	90%	90%	660	Per DU
	80%	80%	620	Per DU
2-Units	80%	80%	620	Per DU
3-4 Units	75%	75%	620	Per DU

HIGH BALANCE FIXED RATE				
Primary Residence Purchase				
Property Type	LTV	CLTV	Min Credit Score	Maximum DTI
1-Unit	90%	90%	700	Per DU
	75%	75%	660	Per DU
2-4 Units	75%	75%	740	Per DU
Second Home Purchase				
1-Unit	65%	65%	740	Per DU
Investment Property Purchase				
1-4 Units	65%	65%	740	Per DU

Section 4 Occupancy

- Owner-occupied primary residences

This document and its subject matter are the sole property of Plaza Home Mortgage, Inc., and is intended for its use only. Any unauthorized use, dissemination, or distribution of this document or its subject matter is strictly prohibited. Guidelines subject to change without notice.

- Second homes
- Investment properties

Section 5 Transactions

- Purchase

Section 6 Property Flips

Not applicable.

Section 7 Identity of Interest

Plaza uses the term Identity of Interest and non-arms length to describe certain transactions that pose increased risk and warrant additional precautions when evaluating that risk.

Primary residences, second homes and investment properties are eligible. Refer to the [Identity of Interest](#) and [Non-ARM's Length/At Interest](#) sections in Plaza's Conventional Underwriting Guidelines for additional details.

Section 8 Loan Limits

Conforming Agency Loan Limits		
Units	Contiguous U.S.	Alaska & Hawaii
1	\$417,000	\$625,500
2	\$533,850	\$800,775
3	\$645,300	\$967,950
4	\$801,950	\$1,202,925
High Balance Loan Limits		
Units	Contiguous U.S. and Alaska	Hawaii
1	\$625,500	\$721,050
2	\$800,775	\$923,050
3	\$967,950	\$1,115,800
4	\$1,202,925	\$1,386,650

Refer to [Fannie Mae's website](#) for specific counties and states eligible for higher loan limits.

Section 9 Subordinate Financing

Subordinate financing is allowed per the LTV/CLTV & credit score tables.

Refer to the [Subordinate Financing](#) section in Plaza's Conventional Underwriting Guidelines for additional details.

Community Second:

For 1-unit primary residences, the CLTV may be up to 105% as approved by DU if the second mortgage is a Community Second transaction. Refer to [Fannie Mae Community Seconds](#) document for details.

Section 10 Borrower Eligibility

Eligible Borrowers:

This document and its subject matter are the sole property of Plaza Home Mortgage, Inc., and is intended for its use only. Any unauthorized use, dissemination, or distribution of this document or its subject matter is strictly prohibited. Guidelines subject to change without notice.

- U.S. citizens
- Permanent resident aliens
- Non-permanent resident aliens
- InterVivos Revocable Trusts – Refer to [Plaza's Living Trust Policy](#)

Ineligible Borrowers:

- Non-occupant co-borrowers
- Partnerships
- Corporations
- Non-Revocable Inter Vivos Trusts
- Foreign Nationals
- Borrowers with Diplomatic Immunity

Social Security Number Data Integrity Issues:

- If DU identifies a data integrity issue pertaining to a borrower's Social Security number, the Social Security number must be validated directly with the Social Security Administration.
- Loans with validated Social Security numbers must be delivered with Special Feature Code 162.
- If the Social Security number cannot be validated with the SSA, the loan is not eligible.
- Refer to the [Borrower's Identity](#) section in Plaza's Conventional Underwriting Guidelines for additional details.

Refer to Plaza's [Borrower Eligibility](#) chapter in Plaza's Conventional Underwriting Guidelines for additional details.

Section 11 Underwriting Method

Automated Underwriting:

All HomePath® loans must be underwritten by Desktop Underwriter and receive an Approve/Eligible recommendation. Exception: Ineligible recommendations are permitted if the only reason for ineligibility is:

- LTV > 85% <= 90% for a 1-unit investment property
- LTV > 75% <= 80% for a 2-unit investment property

DU Finding Results:

The following DU messages may be disregarded for loans qualifying under the HomePath® program:

- Any message relating to the amount of Mortgage Insurance required as mortgage insurance is not required on HomePath® loans.
- Any message that says the maximum allowable interested party contributions has been exceeded on principal residences or second homes with an LTV > 90%.
- Any message related to the level of fieldwork recommendation as appraisal or other valuation documentation is not allowed.

HomePath® Mortgages must not be submitted to DU as MyCommunityMortgages.

Documentation must follow the DU Underwriting Findings Report.

Manual Underwriting:

Manual underwriting is not permitted. All loans must be approved through DU.

Refer to the [Automated Underwriting](#) section in Plaza's Conventional Underwriting Guidelines for additional details.

Section 12 Credit

Credit Score:

The minimum credit score is determined by DU but may not be lower than 620.

Valid Credit Score:

Regardless of DU approval, for a credit score to be considered valid, the score must be generated based on sufficient credit depth and there must be at least 2 scores per borrower.

Housing History:

There may be no history of any 30 day late mortgage or rental payments within the last 12 months. Any late payments in the last 24 months will be considered by the underwriter.

Section 13 Income & Employment

Income must be documented per the DU Findings Report.

Documenting Rental Income from Subject Property:

Even though an appraisal may not be obtained by the lender, a market rent schedule from an appraiser is acceptable for determining rent for qualifying purposes in accordance with standard Fannie Mae policy. Alternatively, [HUD's Fair Market Rents](#) may be referenced for market rent information. Even if rental income is not used to qualify, market rent must be provided for loan delivery purposes and must be included on the 1008.

Section 14 Qualifying Ratios

The maximum debt-to-income ratio will be determined by the DU.

Refer to the [Liabilities and Debt Ratios](#) chapter in Plaza's Conventional Underwriting Guidelines for additional details.

Section 15 Down Payment / Gifts

Follow Fannie Mae requirements for down payment and gift funds.

Refer to the [Assets and Down Payment](#) chapter and [Gift Funds](#) section in Plaza's Conventional Underwriting Guidelines for additional details.

Section 16 Reserves

- Primary Residence: Per DU
- Second Home & Investment Property:
 - 1-4 financed properties: Per DU plus 2 months on each other financed property.
 - 5-10 financed properties: Per DU plus 6 months on each other financed property

If the borrower's current primary residence is pending sale or is being converted to a second home or investment property, the following additional reserve requirements apply:

Percentage of Equity in Current Primary Residence	Additional Reserve Requirement
30% or more	2 months on subject property
	2 months on current primary residence
Less than 30%	6 months on subject property
	6 months on current primary residence

Important Note: DU is not able to calculate the reserve requirement for pending sale or conversion of primary residence or for second home and investment property transactions where there will be 1-10 financed properties. To determine the total amount of assets to be verified, the amount of reserves required must be manually added to the "Total Funds to be Verified" per DU.

Section 17 Interested Party Contributions

Interested party contribution limits:

Occupancy	LTV/CLTV	Maximum Seller Contributions
Primary Residence & Second Homes	> 75%	6%
	≤ 75%	9%
Investment Properties	All	2%

Section 18 Property Eligibility

Eligible Properties:

- Attached/detached SFRs
- Attached /detached PUDs
- Low-rise/high-rise condos
- 2-4 units

HomePath® Eligibility:

All properties must be designated eligible for HomePath® financing by Fannie Mae on the HomePath® website at www.homepath.com. The file must be documented with a copy of the specific property page from the website that includes the property description and details to verify the property is eligible for HomePath® financing, including:

- The property address
- REO ID
- Property value
- Bedroom count
- Year the property was built
- Rental income if applicable
- The HomePath® mortgage logo (see below)

It is critical to print this during the processing of the loans as once the sale is complete, the property is removed from the HomePath® website and the appropriate documentation will not be accessible.

The following dual logo is required:



Plaza does not offer the Renovation Mortgage program. If the HomePath® website indicates only the "Renovation Mortgage" logo this indicates that the property is only eligible for the Renovation Mortgage Program and therefore the property is not eligible for Plaza financing.

Plaza does not offer financing for Manufactured Homes. If the HomePath® website indicates only the "HomePath® Mortgage" logo this indicates the property is a manufactured home and is not eligible for Plaza financing.

Condo & PUD Warranty:

- The project does not need to be warranted to meet Fannie Mae project eligibility criteria, however the project cannot be any of the following:
 - Condotel
 - Coop
 - Hotel/Resort
 - Houseboat
 - Timeshare
 - Project with fragmented or segmented ownership
- Standard insurance requirements apply
- The underwriter must warrant that the project meets these requirements and provide this information on the 1008.
- Project classification must be documented as Type V and PUDs must be documented as Type E.

Ineligible Properties:

- Commercial properties
- Condotels
- Cooperatives
- Geodesic dome homes
- Geothermal homes
- Leasehold
- Manufactured housing
- Mobile homes
- Resale-deed restrictions
- Timeshares
- Working farms, ranches, orchards

Section 19 Appraisal

Under the HomePath® program, Lenders do not obtain an appraisal regardless of DU findings. Lenders/correspondents/brokers may not request a copy of any appraisal obtained for a HomePath® property. The buyer may obtain an appraisal on the HomePath® property, but the lender may not request a copy of the appraisal. If an appraisal is provided to the Lender, the loan is not eligible for HomePath® financing.

Determining the LTV/CLTV:

The sales price of the property (as evidenced by the sales contract between Fannie Mae and the buyer/borrower) will be used as the property value for the purpose of determining the LTV/CLTV.

If the borrower chooses to obtain an appraisal:

- The borrower must order the appraisal from an appraiser selected by the borrower (and not one recommended by Plaza/correspondent/broker), and the appraisal must be paid for by the borrower outside of the loan transaction.
- Plaza will not request a copy of the appraisal nor should one be provided to Plaza.

Examples of appraisals or appraisal related forms that cannot be included in the loan file

- 1004
- 1004D
- 2055
- 1073/465
- 1025/72
- 1007/216

Disaster Policy:

When a natural disaster occurs, an inspection will be required up to, and including 90 days from the date the natural disaster occurred. There may be situations where a longer timeframe may be instituted based on the disaster end date.

Section 20 Geographic Restrictions

Program specific geographic restrictions are identified below. Refer to Plaza's [Geographic State Restrictions](#) for general guidelines and restrictions.

Hawaii:

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

Mississippi:

Not eligible.

West Virginia:

Not eligible.

Section 21 Max Financed Properties / Exposure

The maximum number of financed properties, including the subject property and including the borrower's primary residence, is limited as outlined below.

These guidelines apply regardless of DU results. **Note:** DU is not able to determine the numbers of financed properties therefore DU cannot be relied on to validate the following requirements are met. These requirements must be evaluated manually regardless of DU findings.

- Primary Residence: No restrictions
- Second Home: 10 properties including the primary residence. Additional restrictions apply.
- Investment Property: 10 properties including the primary residence. Additional restrictions apply.

Second Home or Investment Property AND 5-10 Financed Properties:

If the mortgage is secured by a second home or an investment property, the borrower may be obligated on up to 10 financed properties, including the principal residence, subject to the restrictions below:

- No history of bankruptcy or foreclosure within the past seven years.

- No 30 day or greater delinquencies within the past 12 months on any mortgage loan.
- Reserves: Per DU plus 6 months on each other financed property.
- > 4 financed properties combined with High Balance and Delayed Financing is not eligible.
- Max 75% LTV/CLTV for Conforming Balance.
- Max 65% LTV/CLTV for High Balance.
- Minimum 720 Credit Score for Conforming Balance and High Balance.

A Plaza Level 4 Underwriter's second signature is required.

Special Feature Code:

Mortgage loans secured by second homes or investment properties that meet the 5 to ten financed property requirements must be delivered with SFC 150 typed on the 1008.

Refer to the [Maximum Number of Financed Properties](#) section in Plaza's Conventional Underwriting Guidelines for additional details.

Maximum Loans/Maximum Exposure:

A maximum of 4 Plaza loans or \$1,500,000 is permitted to 1 borrower, whichever is less.

Section 22 Mortgage Insurance

Mortgage Insurance is not required on the HomePath® program. DU will show MI is required; however, this may be disregarded.

Section 23 Repair Escrows

Not allowed.

Section 24 ARM Adjustments

Not applicable.

Section 25 Temporary Buydowns

Not allowed.

Section 26 Insurance

For Insurance requirements refer to Plaza's [Loan Closing Manual](#).

Section 27 Other Features

Documentation:

- Initial Disclosures: The following disclosure is required to be provided to the borrowers at the time of application, [The HomePath® Notice to Buyers Regarding Appraisals](#).
- Closing Disclosure: Borrowers are required to sign [The HomePath® Notice to Buyers Regarding Appraisals](#) document at closing acknowledging they received the "Notice" at least 5 days prior to closing.

Special Feature Code (SFC):

- Special Feature code 057 is required on all HomePath® loans. Any other SFCs that normally would apply must also be included.