Freddie Mac Super Conforming Fixed Rev. 11 11/13/2013

Program Summary Sections
(Click the hyperlink to go straight to the section)

SECTION 1	PROGRAM SUMMARY
PROGRAM SUMMARY	The Program Summary supplements Plaza's Conventional Underwriting Guidelines. Refer to Plaza's Conventional Underwriting Guidelines for any information not specified in the program guidelines. The Freddie Mac Super Conforming program is designed for loan amounts exceeding the conforming agency but eligible under the "high cost" loan limits established by FHFA.

SECTION 2	PROGRAM CODES

PROGRAM CODES

Loan Term & Program Codes		
Loan Term	**Program Name**	**Program Code**
30 YR Fixed	30 Year Fixed Super Conforming	CF300SC
15 YR Fixed	15 Year Fixed Super Conforming	CF150SC

SECTION 3	PROGRAM MATRIX

PROGRAM MATRIX

FREDDIE MAC SUPER CONFORMING Programs: CF300SC, CF150SC Primary Residence Purchase and Rate & Term Refinance					
Property	**Loan Amount**	**Max LTV without Subordinate Financing**	**Max LTV with Secondary Financing**	**Max CLTV**	**Max Debt Ratio**
1-Unit	$625,500	90%	85%	90%	Per LP & MI
	>$625,500	80%	75%	80%	Per LP
2-4 Units	All	75%	70%	75%	Per LP

Primary Residence Cash-Out Refinance					
Property	**Loan Amount**	**Max LTV without Subordinate**	**Max LTV with Secondary Financing**	**Max CLTV**	**Max Debt Ratio**

		Financing			
1-Unit	$625,500	75%	70%	75%	Per LP
	>$625,500	65%	60%	65%	Per LP
2-4 Units	All	65%	60%	65%	Per LP
Second Home Purchase and Rate & Term Refinance					
1-Unit	$625,500	80%	75%	80%	Per LP
	>$625,500	70%	65%	70%	Per LP
Second Home Cash-Out Refinance					
1-Unit	All	65%	60%	65%	Per LP
Investment Property Purchase Transactions					
1-Unit	$625,500	80%	75%	80%	Per LP
	>$625,500	70%	65%	70%	Per LP
2-4 Units	All	70%	65%	70%	Per LP
Investment Property Rate & Term Refinance					
1-Unit	$625,500	75%	70%	75%	Per LP
	>$625,500	70%	65%	70%	Per LP
2-4 Units	All	70%	65%	70%	Per LP
Investment Property Cash-Out Refinance					
1-4 Units	All	65%	60%	65%	Per LP

Notes:
The maximum loan amount is determined by the property type and the county subject to a maximum loan amount of $1,000,000.

SECTION 4	LOAN LIMITS

LOAN LIMITS

Super Conforming Loan Limits			
	Continental U.S.	**Hawaii**	**Alaska**
Units	**Max High Balance**	**Max High Balance**	**Standard (High Balance N/A)**
1	$625,500	$721,050	$625,500
2	$800,775	$923,050	$800,775
3	$967,950	$1,000,000	$967,950
4	$1,000,000	$1,000,000	$1,000,000

Note:
The above table provides the maximum loan limits by property type. For county specific loan amounts, refer to the following link:
http://www.fhfa.gov/Default.aspx?Page=185

SECTION 5	ARM ADJUSTMENTS
ARM ADJUSTMENTS	Not applicable.

SECTION 6	INTEREST-ONLY OPTION
INTEREST-ONLY OPTION	Not eligible.

SECTION 7	**SPECIAL REQUIREMENTS**

SPECIAL REQUIREMENTS	**Retained Current Residence/Conversion of Primary Residence:**
	6 months cash reserves are required for each property.
	
	Refer to Plaza's Eligible Transactions Chapter in Plaza's Conventional Underwriting Guidelines for additional requirements
	
	Purchase Transactions:
	Plaza will not accept re-negotiated purchase agreements that increase the sales price after the appraisal has been completed if:
	• The appraised value is higher than the contracted sales price provided to the appraiser, and
	• The new purchase agreement and/or addendum used to modify the sales price is dated after the appraisal is received, and
	• The only change to the purchase agreement is an increase in sales price.
	• If the purchase agreement is re-negotiated after the completion of the appraisal, the loan to value will be based on the lower of the original purchase price or the appraised value, unless:
	  o A re-negotiation of seller paid closing costs and/or pre-paids occurs if customary for the market and supported by comparables, not to exceed standard seller contributions, or
	  o An amended purchase agreement for a new construction property is obtained due to improvements that impact the value. In the event of such changes, an updated appraisal must be obtained to verify the value of the modifications.

SECTION 8	**UNDERWRITING METHOD**
UNDERWRITING METHODS	**Automated Underwriting:** Loans underwritten by Loan Prospector may follow the LP Findings Report unless otherwise stated in Plaza's Program Guidelines. Loan with LTV's > 80% require approval through an MI company. Additional guidelines and restrictions may apply. Refer to MI company specific guidelines. Regardless of underwriting method, additional information may be requested at the discretion of the underwriter. **LP Determination:** • All loans must be submitted to LP and receive a Risk Classification of "Accept." • Classifications of A-Minus or Caution are not eligible. All loans must be correctly entered into LP in order to receive appropriate findings. **Manual Underwriting:** Manual underwriting Is not permitted. All loans must be approved through LP. Refer to Plaza's Automated Underwriting, Conventional in Plaza's Conventional Underwriting Guidelines for additional details.

SECTION 9	OCCUPANCY

OCCUPANCY

Owner-occupied Primary residences, second homes and investment properties are eligible.

Purchase transactions of owner-occupied 2-4 unit properties are subject to the following:

2-Units:

- Borrowers may not own any other residential property of equal or greater value in the same area in which the units are located. The mailing address and property address must be verified as the same. If this verification cannot be made, the property must be treated as an investment property.

3-4 Units:

- The loan documentation (credit report, income/asset verification) must show the subject property as the borrower's address.
- The Homeowner's insurance policy must show that the mailing address and subject property are the same. Note: If the borrower uses a P.O. Box and occupancy cannot be verified, a pre-funding occupancy inspection is required.
- The appraisal must indicate the unit the borrower intends to occupy and confirm availability of that unit. Information indicating that unit to be owner-occupied must be consistent with other documentation in the file.
- If the borrower owns other properties, the underwriter must determine that the borrower's intent to occupy is reasonable. The loan file must contain supporting documentation.
- The purchase contract must show the borrower's intend to occupy.

Landlord Experience:

The following requirements apply, regardless of LP feedback:

- **Subject property 2-4 unit owner-occupied**: There is no minimum landlord experience required.
- **Subject property 1-4 unit investment property:** Demonstrate at least a 2-year history of managing 1-4 unit investment properties if using rental income to qualify or to offset the mortgage.
- **Investment property owned that is not the subject property:** There is no minimum landlord experience required.

SECTION 10	SELLER CONTRIBUTIONS

SELLER CONTRIBUTIONS

Interested party contributions, as a percentage of the sales price or appraised value, whichever is less, are limited to the following values shown below:

Occupancy	LTV/CLTV	Maximum Seller Contributions
Owner-Occupied and Second Homes	> 75% and ≤ 90%	6%
	≤ 75%	9%
Investment Properties	All LTVs	2%

SECTION 11	TEMPORARY BUYDOWNS

TEMPORARY BUYDOWNS	Not eligible.
SECTION 12	**PREPAYMENT PENALTY**
PREPAYMENT PENALTY	Not allowed.
SECTION 13	**BORROWER ELIGIBILITY**
BORROWER ELIGIBILITY	**Eligible Borrowers:** • U.S. citizens • Permanent resident aliens • Non-permanent resident aliens • Non-occupant co-borrowers: ○ Maximum LTV is 90% • InterVivos Revocable Trusts – Refer to Plaza's Living Trust Policy for eligibility requirements • First time homebuyers are not eligible for second homes or investment properties **Ineligible Borrowers:** • Partnerships • Corporations • Non-Revocable InterVivos Trusts • Foreign nationals • Borrowers with diplomatic immunity
SECTION 14	**IDENTITY OF INTEREST & NON ARMS LENGTH TRANACTIONS**
IDENTITY OF INTEREST & NON ARMS LENGTH TRANSACTIONS	Primary residences may be eligible with additional restrictions. Second home and investment properties are not eligible. Refer to the Eligible Transactions Chapter in Plaza's Underwriting Guidelines for transactions that involve Identify of Interest or Non-Arms Length scenarios.
SECTION 15	**ELIGIBLE PROPERTIES**
ELIGIBLE PROPERTIES	• Attached/detached SFRs • Low-rise/high-rise condos • Attached /detached PUDs • 2-4 units Condos in Florida: Refer to Plaza's Geographic State Restrictions. Refer to Property Types and Project Standards in Plaza's Conventional Underwriting Guidelines for full details on property eligibility.
SECTION 16	**INELIGIBLE PROPERTIES**

INELIGIBLE PROPERTIES	• Commercial properties • Condotels • Cooperatives • Geodesic dome homes • Geothermal homes • Log homes • Manufactured housing • Mixed use • Mobile homes • Non-warrantable condos • Timeshares • Working farms, ranches, orchards
SECTION 17	**PROPERTY FLIPS**
PROPERTY FLIPS	If the owner (individual or entity other than the Mortgage holder) sells a property within 12 months after the date of acquisition, the underwriter should ensure that value is supported. If LTV is > 80%, follow the MI guidelines for seasoning < 90 days. Generally, purchases of properties that have been acquired within the last 12 months are eligible when any increase in value can be supported. • Refer to Property Flips in the Eligible Transactions Chapter of Plaza's Underwriting guidelines. **Unexpired Redemption Period:** Foreclosed properties that are located in a state where a redemption period is allowed (including Fannie Mae and Freddie Mac owned or HUD REO) are not eligible until all of the following are met: • The redemption period has expired, **AND** • The foreclosure sale has been confirmed, **AND** • Clear and marketable title is obtained.
SECTION 18	**APPRAISALS**
APPRAISALS	1 full appraisal is required regardless of LP feedback. HVE is not eligible. **Field Review:** A field review is required when: • The appraised value is equal to or greater than $1 million AND the LTV/CLTV is greater than 75%. • Use the lower of original appraised value, field review value, or sales price (for purchases) to calculate LTV. **Transferred Appraisals:** Plaza will not accept transferred/assigned appraisals on this program. Refer to Plaza's Appraisal Requirements and Property Type and Project Standards Chapter in Plaza's Conventional Underwriting Guidelines for additional requirements.

SECTION 19	GEOGRAPHIC RESTRICTIONS
GEOGRAPHIC RESTRICTIONS	Some not all program specific geographic restrictions are identified below. Refer to Plaza's Geographic State Restrictions for general guidelines and restrictions. Loans with Mortgage Insurance may have additional state specific restrictions, including reduced LTVs. Refer to the specific Mortgage Insurance Company guidelines for restrictions. **Mississippi** Not eligible **Texas:** Texas 50(a)(6) transactions are not eligible. **West Virginia** Not eligible
SECTION 20	**INCOME**
INCOME	Income must be documented per the LP findings certificate and Plaza Conventional Underwriting Guidelines. **Salaried Borrower Requirements:** Regardless of LP feedback, the most recent year's W2 or 1040 tax returns, and a recent computer generated YTD paystub that covers a minimum of a 30 day pay period. **Self Employed Borrower:** Regardless of LP feedback, self employed borrowers must be self employed for a minimum of 2 years: • Signed and dated copies of the borrower's individual (and business if applicable) tax returns, including all schedules, for the pervious 2 years. • When LP only requires 1 year of tax returns, the underwriter may consider obtaining just 1 year providing the borrower has been self employed with the same company for at least 2 years. A YTD Profit & Loss Statement and Balance Sheet: YTD income from a business may be used to qualify a self-employed borrower only if: • The income is consistent with the prior year's earnings, or • Audited financial statements are provided. **Non-Wage Earner Requirements:** If the borrower's income is from sources such as retirement, social security, disability, child support or alimony, the file must be documented with evidence of receipt and proof of continuance for a minimum of 3 years. **Regardless of income type, the following are required for all borrowers:** • A signed 1003 complete with a 2 year employment history. • At a minimum a recent paystub reflecting year-to-date earnings, is required for each qualifying borrower. (A written VOE may not replace a paystub) • **4506-T/Tax Transcripts:** Income must be documented as per the LP

	findings. A signed 4506-T will be processed for at least 1 year regardless of LP findings. Tax transcript for all years in which income was used in the underwriting decision regardless of LP results. For additional details and exceptions, refer to Plaza's Employment, Income Analysis and Documentation in Plaza's Conventional Underwriting Guidelines. • **Verbal Verification of Employment** Industry Borrowers require full documentation. Refer to Identity of Interest in Plaza's Eligible Transactions Chapter for additional requirements. Refer to Plaza's Employment, Income Analysis and Documentation in Plaza's Conventional Underwriting Guidelines for additional requirements for documenting loan files in accordance with LP or as required by the underwriter.
SECTION 21	**CREDIT**
CREDIT	**Credit Score:** The minimum credit score is determined by LP (and by the Mortgage Insurance company, if applicable) but may not be lower than 620. **Valid Credit Score:** Regardless of LP 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 Payment History:** There may be no history of any 30 day late mortgage or rental payments within the last 12 months. Any housing late payments in the last 24 months should be considered by the underwriter. For "Accept" Findings, the credit information has been considered by Loan Prospector and the borrower's credit is deemed acceptable. However, regardless of the Risk Classification received from Loan Prospector, if evidence of a short sale or short refinance is disclosed on a credit report or contained elsewhere in the Mortgage file then the requirements for handling significant adverse or derogatory information caused by extenuating circumstances and financial mismanagement related to short sales must be met. Refer to the Credit Chapter in Plaza's Underwriting Guidelines for short sale seasoning requirements. Refer to the Credit Chapter in Plaza's Conventional Underwriting Guidelines for additional information or derogatory credit scenarios not addressed in this section
SECTION 22	**QUALIFYING RATIOS**
QUALIFYING RATIOS	The maximum debt-to-income ratio will be determined by LP, and if applicable, the MI company. **Non-occupying co-borrower:** • Qualify per LP approval
SECTION 23	**ASSETS**
ASSETS	A minimum of 5% of the sales price is required as a minimum cash investment from

the borrower.

If assets are utilized from the borrowers business, an analysis of the business must be completed by the underwriter.

For refinance transactions that are approved through LP, all borrower assets entered into LP must be verified regardless of LP messaging.

Assets used for closing must be deducted from the borrowers assets and properly reflected in LP as the borrowers final documented assets.

Non-occupant co-borrowers:
Purchase transaction greater than 80%, owner occupant must have 5% of purchase price in their own funds.

Refer to Plaza's Assets Chapter in Plaza's Conventional Underwriting Guidelines for additional information.

SECTION 24	CASH RESERVES

CASH RESERVES

Owner Occupied - Primary Residence	
2 months PITIA or per LP	
Second Home	**Investment**
2 months	6 months

For second home or investment property transactions where the borrower has multiple financed properties, the borrower must provide an additional 2 months of verified reserves for each additional property.

SECTION 25	GIFTS/DOWN PAYMENT

GIFTS/DOWN PAYMENT

Down Payment:
- If the LTV/CLTV > 80%, the borrower must make a minimum 5% down payment from their own funds.
- If the LTV/CLTV <= 80% the entire down payment may come from a gift.
- Gift funds are not eligible for investment properties.
- Gifts may be documented per LP unless otherwise specified:
  - Gifts must come from a relative, domestic partner or fiancé.
  - A gift letter must include the name, address and telephone number of the donor, the relationship to the borrower, state the dollar amount of the gift and that no repayment is expected or required.
  - If the gift funds are not already in the borrowers account, transfer of the gift funds to the borrowers account or to escrow (or the closing agent) must be documented.

Gifts of Equity:
- A gift of equity is permitted for a primary residence or second home purchase only. The seller agrees to donate a portion of the equity in the subject property in lieu of all or a portion of the down payment.
- No cash changes hands. Gifts of equity must meet the following requirements:
  - The gift must be provided by a relative or any other person related by blood, marriage, adoption or legal guardianship, fiancé or domestic

	partner. ○ The donor may not have any affiliation with the builder, developer, real estate agent or any other interested party to the transaction. ○ If the LTV >80% at least 5% of the down payment must come from the borrowers own funds. ○ Gift letter is required. ○ The gift of equity must be identified on the sales contract and the sales price of the property must be at current market rate. ○ The gift of equity must be transferred to the borrower as a credit in the transaction and must be documented on the HUD-1. Refer to Plaza's Assets Chapter in Plaza's Conventional Underwriting Guidelines for additional information.
SECTION 26	**SUBORDINATE FINANCING**
SUBORDINATE FINANCING	Subordinate Financing from an institutional lender is allowed per the LTV/CLTV tables. **Requirements:** • The term of the 2^{nd} lien may not be less than 5 years, unless the 2nd lien is fully-amortizing. The 2nd lien may not contain a balloon or call provision with the 5 year period. • If the 2^{nd} lien is an Employer Assisted Homeownership (EAH) Benefit, the terms of the 2^{nd} lien must permit the borrower to continue making payments on the loan in the event the borrower no longer works for the employer and may not require repayment in full unless: ○ The borrower terminates his or her employment for any reason, or ○ The employer terminates the borrower's employment for any reason other than long-term disability, the elimination of t he employee's position or reduction-in-force. • The loan terms of the 2nd must provide for regular payments of principal and interest or interest-only. • If the 2^{nd} lien is an EAH Benefit and the monthly payment of principal and interest or interest only begins on or after the 61st monthly payment under the 1^{st} lien or if repayment of the principal is due only upon sale or default, the amount of the monthly payment may be excluded from the monthly housing expense-to-income ratio and monthly debt payment-to-income ratio. Otherwise, the required monthly payment must be included in both the ratios. • HELOCs – with respect to the maturity date for HELOCs, the terms of the HELOC may provide for a balloon or call option within the first 5 years after the Note Date of the 1st Mortgage. The Underwriter must submit both the limit and the disbursed amount into LP. **Restrictions:** • Seller carry-backs are not allowed. • Community or Affordable Second mortgages are not allowed. • The subordinate mortgage may not have wraparound terms combining the indebtedness of the first mortgage with the subordinate mortgage. • Subordinate mortgages with negative amortization are not allowed. **HELOC:** All conventional loans with subordinating HELOCs are qualified and priced at the full

	line amount regardless of the draw amount. The CLTV and HCLTV are considered the same in these situations.
	
	State Specific Requirements:
	• Refer to our Geographic Restriction section for details relating to state specific subordinate financing requirements and restrictions.
	• Texas rate and term refinances not subject to Section 50(a)(6)
	  ○ If the 1st lien is a rate and term refinance in Texas and the 1st lien is being renewed and extended, a subordination agreement for a second lien on the property is not required unless the title company requires a subordination agreement in order to insure that the lien will remain in first lien position.
	  ○ Exception for Texas loans: Closed-end variable rate subordinate secondary financing, with a payment that is not constant for each 12 month period, is allowed for purchase & rate/term refinances
	
	Refer to Plaza's Subordinate Financing in Plaza's Eligible Transactions Chapter for additional details.

SECTION 27	**SEASONING**

SEASONING	For refinance transactions when the mortgage being refinanced was a purchase money transaction, the mortgage being refinanced must be seasoned for at least 120 days. This is calculated from Note date to Note date.
	
	Listed for Sale:
	• Refinance transactions involving a property that has been listed for sale within the last 6 months are subject to specific requirements outlined in the Eligible Transactions Chapter of the Conventional Underwriting Guidelines.
	• Listing agreements must be cancelled at least 1 day prior to the loan application.
	
	Refinance Transactions with Less than 1 Year's Seasoning:
	• If the first lien being paid off was a purchase transaction, and the original purchase price, as stated on the application, is less than the new appraised value:
	  ○ The file should contain documentation supporting the increase in value (e.g. appraisal indicates increasing values for the market, appraisal comparables support increasing values, documented home improvements, or a copy of the original appraisal showing the original appraised value higher than the original sales price).
	• The increase in value is unsupported:
	  ○ The underwriter should use the lower of the original purchase price or the new appraised value to determine LTV/TLTV/CLTV.
	• The underwriter has knowledge that the first lien being paid off was a cash-out refinance transaction with an LTV greater than 80%:
	  ○ The new loan will not be eligible for rate and term refinance parameters.
	
	Inherited Properties:
	• If mortgaged property was inherited within the last 12 months, restrictions apply. Refer to the Conventional Underwriting Guidelines for details.

	Mortgage Insurance: Loans with Mortgage Insurance may be subject to different seasoning requirements. Refer to Plaza's Eligible Transactions Chapter in Plaza's Conventional Underwriting Guidelines for additional details.
SECTION 28	**REFINANCE**
REFINANCE	Cash-out is limited by LP and the Mortgage Insurance Company, if applicable. **Rate and Term Refinance:** • The amount of the new mortgage is limited to the sum of the present 1st lien, any subordinate financing which was used to acquire the property and closing costs, including prepaids. Cash to the borrower may not exceed the lesser of 2% of the new loan amount or $2,000. • The payoff of a junior lien, regardless of age, is acceptable when the junior lien is being paid by funds brought to the closing table by the borrower, not by proceeds of the rate and term refinance. This includes any HELOC closure fees. • Existing secondary financing that is subordinated will not affect the loan being classified as a rate/term refinance, which also applies to fees such as re-conveyance fees that are required and charged at closing. • Continuity of obligation must be met. • LTV/CLTV is based on the current appraised value. **Cash-Out:** • Borrowers must have owned the property for at least 6 months to be eligible for cash out. • Delayed Financing is not allowed. • For loans in excess of 80% LTV, the maximum cash out may be restricted by Mortgage Insurance guidelines. For all other loans, the maximum cash out will be limited per LP. • A mortgage loan that may include the unpaid principal balance of the existing first mortgage, closing costs, the amount to satisfy any outstanding subordinate financing of any age and additional cash that the borrower may use for any purpose. • Continuity of obligation must be met. • Seasoning: Refer to section 27 above. • Short Term Refinance - A short-term refinance combines a first mortgage and a non-purchase money subordinate mortgage into a new first mortgage and is considered a cash-out transaction. • Listing agreements on the subject property must be cancelled 6 months prior to the application date or the loan is subject to a maximum 70% LTV/CLTV. In all circumstances, listing agreements must be cancelled at least 1 day prior to the loan application. • LTV/CLTV is based on the current appraised value. • **Texas:** Cash-out transactions require a full appraisal, regardless of LP findings. **All Refinance Transactions:** If the 1st lien being paid off was a purchase transaction and the original purchase

	price, as stated on the application, is less than the new appraised value, the file should contain documentation supporting the increase. Examples: Comments from the appraiser or documented receipts from the borrower.
	
	Continuity of Obligation:
	The continuity of obligation requirement is to address refinance transactions that include a borrower that is on title, but not obligated on the original mortgage note being satisfied. The information below will determine whether continuity exists, and if not, what additional eligibility restrictions are applicable.
	Acceptable continuity of obligation is met when any 1 of the following exist:
	• There is at least 1 borrower obligated on the new loan who was also a borrower obligated on the existing loan being refinanced, or
	• The borrower has been on title and residing in the property for at least 12 months and has either paid the mortgage for the last 12 months, or can demonstrate a relationship (relative, domestic partner, etc.) with the current obligor. **Note**: Cancelled checks are required for payment verification.
	• The borrower has recently inherited or was legally awarded the property. Example: divorce, separation or dissolution of a domestic partnership.
	
	If the borrower is currently on title but is unable to demonstrate an acceptable continuity of obligation, or there is no outstanding lien against the property, the loan must be underwritten and priced as a cash-out transaction.
	• Loans with no outstanding liens; the following restrictions apply**:**
	  ○ Property purchased within 6 to 12 months prior to the application date for the new loan transaction.
	    ▪ The LTV is based on the lesser of the original sales price or the current appraised value.
	  ○ Property purchased more than 12 months prior to the application date for new loan transaction.
	    ▪ The LTV is based on the current appraised value.
	    ▪ Loans with outstanding liens but with no continuity of obligation:
	      • At least 1 borrower must have been on title for at least 6 months, and the maximum LTV (based on the current appraised value) is 50%.
	
	Refer to Plaza's Eligible Transactions Chapter in Plaza's Conventional Underwriting Guidelines for additional details.

SECTION 29	**MAXIMUM FINANCED PROPERTIES**
MAXIMUM FINANCED PROPERTIES	The maximum number of financed properties, including the subject property and including the borrower's primary residence, regardless of the lending source is limited as outlined below; regardless of the LP results.

Primary Residence	Second Homes	Investment Properties
No Restrictions	4 (including primary)	4 (including primary)

Maximum Loans/Maximum Exposure:
A maximum of 4 Plaza loans or $1,500,000 is permitted to 1 borrower, which is less.

Refer to Plaza's Eligible Transactions Chapter in Plaza's Conventional Underwriting Guidelines and AUS Eligible Matrix for additional details.

SECTION 30	**PROPERTY INSURANCE**
PROPERTY INSURANCE	**Hazard Insurance:** • Hazard insurance is required for each property. • The amount of hazard insurance coverage must be the lesser of 100% of the insurable value of the improvements as established by the property insurer OR the unpaid principal balance as long as it equals at least 80% of the insurable value of the improvements. **Note**: Property insured up to 100% replacement cost value is acceptable. • "Walls In" (commonly known as HO-6) hazard insurance coverage for condos: If the blanket insurance policy does not provide coverage of the interior of the unit, the borrower will be required to obtain "walls in" coverage for the interior of the individual unit. The HO-6 policy must provide coverage in an amount that is no less than 20% of the condo unit's appraised value. • HO-6 "walls in" will also be required on PUDs in cases where the master policy does not include interior unit coverage, including replacement of interior improvements and betterment coverage to insure improvements that the borrower may have made to the unit. • PUD Requirements, the homeowner's association must maintain a property insurance policy, with premiums paid as a common expense. Individual insurance policies are also required for each unit. If the project's legal documents allow for blanket insurance policies to cover both the individual units and the common elements, Plaza will accept the blanket policies. • For properties located in California, lenders may not require hazard insurance in an amount exceeding the replacement value of the improvements on the property. • The maximum deductible may be up to 5% of the amount of the policy. • For refinance transactions, the current policy must have at least 60 days remaining coverage after closing. **Flood Insurance:** A flood hazard determination is required for all loans. • Flood insurance is required if the property is located in a special flood hazard area or flood zone. • Flood insurance is required on properties located within the following special flood hazard area zones: A, AE, AH, AO, A1-30, A-99, V, VE, V1-30 • The maximum amount of flood insurance required is the lowest of: 100% of the replacement cost of the dwelling, calculated as appraised value minus land value OR the unpaid principal balance of the mortgage OR the maximum insurance available under the National Flood insurance program. (Currently $250,000 per dwelling.) • The deductible for 1-4 unit properties may not exceed a maximum of $5,000 unless a higher deductible is required by state law. • For refinance transactions, the current policy must have at least 60 days remaining coverage after closing. **Rent Loss Insurance:** If rental income is used to qualify, 6 months rent loss insurance coverage is required regardless of LP findings. This includes rental income on 2-4 unit owner occupied properties.

	For additional requirements for Property Insurance, Hazard or Homeowners Insurance, refer to Plaza's Loan Closing Manual.
SECTION 31	**MORTGAGE INSURANCE**
MORTGAGE INSURANCE	All loans with LTV's greater than 80% require Mortgage Insurance from a Plaza approved Mortgage Insurance provider. Mortgage Insurance guidelines are subject to change; it is therefore the underwriter's responsibility to check the applicable Mortgage Insurance Underwriting Guidelines online and order the MI cert at the time of underwriting and prior to sending out an approval. Lender Paid, Financed, and Split MI are not eligible for Freddie Mac Super Conforming mortgages. Refer to Plaza's Mortgage Insurance Policy for additional information.
SECTION 32	**CONSTRUCTION-TO-PERMANENT FINANCING**
CONSTRUCTION-TO-PERMANENT FINANCING	Construct-to-perm financing is allowed as a purchase or a refinance transaction. Refer to the Eligible Transactions Chapter of the Conventional Underwriting Guidelines for details.
SECTION 33	**TITLE/CLOSING AGENTS**
TITLE/CLOSING AGENTS	**Title History Review Policy:** The preliminary title report must reflect a minimum 6-month title history. Title Insurance: • A full ALTA title policy is required. • A Short Form Residential Loan Policy is also acceptable, except for leasehold properties, and except for properties in Texas and Oregon. Short form title polices provide the same amount of coverage as a standard policy but in a shorter format. The policy references the loan specifics (insured amount, date of policy, property address, borrowers, etc.) and refers to general documents for all coverage. • Limited Coverage Policies are not acceptable. ○ For example: it automatically provides the Environmental Protection Lien Endorsement (ALTA 8.1) Condo and PUD endorsements and all other standard endorsements without actually providing copies of these endorsements. • It also provides affirmative coverage for property specific exceptions such as restrictions, encroachments, etc., with general statements in the policy text.
SECTION 34	**ESCROW WAIVERS**
ESCROW WAIVERS	Property tax and insurance escrows can be waived with the following criteria: • 80% LTV or less for properties located in all states except CA. • < 90% LTV for properties located in CA **Note:** The underwriter must validate that the borrower has the financial ability to handle the lump-sum payments of taxes and insurance.

SECTION 35	**REPAIR ESCROWS**
REPAIR ESCROWS	Both weather related and non-weather related holdbacks will be considered by Corporate Underwriting on a case by case basis. Escrow holdbacks for repairs are not eligible on condos.