

Program Description

The fixed-rate loan programs provide a fixed interest rate and level payments for the life of the loan. This section provides details for the following programs:

- Fixed-Rate
- Fixed-Rate InterestOnly*

*Fixed-Rate InterestOnly: Under this program, the borrower has the option of paying interest only for the first 10 or 15 years of the loan term. The loan is then fully amortized over the remaining term of the 30- or 40-year loan. The borrower must be qualified at the PITI payment based on the fully amortized rate.

The information below applies to all programs listed above. Any differences are noted in the footnotes, which appear on the next page. Guidelines specific to each program are covered throughout this section.

<p>Loan Purpose</p> <ul style="list-style-type: none"> • Purchase • Rate and term refinance • Cash-out refinance <p>Loan Term Ask Secondary</p> <hr/> <p>Occupancy¹</p> <ul style="list-style-type: none"> • Owner-occupied primary residences • Second homes • Investment properties <p>Eligible Borrowers²</p> <ul style="list-style-type: none"> • U. S. Citizens • Permanent resident aliens • Non-permanent resident aliens • Inter vivos revocable trusts • Non-occupant co-borrowers³ 	<p>Max Loan Amount Ask Underwriter</p> <hr/> <hr/> <hr/> <p>Secondary Financing Ask Underwriter</p> <hr/> <p>Temporary Buydowns</p> <p>Allowed.</p> <hr/> <p>Interested Parties' Contributions Ask Underwriter</p> <hr/> <p>Ineligible Borrowers</p> <ul style="list-style-type: none"> • Partnerships • Corporations • Non-Revocable Inter Vivos Trusts 	<p>Eligible Properties</p> <ul style="list-style-type: none"> • Attached SFRs • Detached SFRs⁴ • Attached PUDs • Detached PUDs⁴ • Low-Rise Condos • High-Rise Condos • Cooperatives⁵ • 2-4 Units⁶ <p>Ineligible Properties</p> <p>Manufactured housing</p> <p>Prepayment Penalty Ask Underwriter</p> <hr/> <p>Assumability</p> <p>Not allowed.</p> <p>Homebuyer Education</p> <p>Not required.</p>
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See footnotes on next page.

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Program Description, Continued

Footnotes

Occupancy

¹Fixed-Rate and Fixed-Rate InterestOnly

- 2-unit primary residence. 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 cannot be done, it must be treated as an investment property.
- All 3-4 unit properties are considered investment properties for both purchase and refinance purposes unless the loan has received an AUS approval.

Eligible Borrowers

²Allowed with valid Social Security number.

³Non-occupant co-borrowers are ineligible on CLTVs greater than 95% and interest-only loans.

Eligible Properties

⁴Includes modular, panelized, and prefabricated classifications of factory-built housing.

⁵Cooperatives are eligible in select regions of New Jersey and New York.
Cooperatives are ineligible for interest-only loans.

⁶2-4 units are not allowed for second homes.

Program Restrictions

Special Requirements

Fixed-Rate InterestOnly

The initial payment during the first 120 or 180 months is based on interest only and the payment for the remaining months is based on principal and interest; therefore, the Note must provide for the change in payments.

Loans must be originated using the following forms:

- Note - Check with underwriter
- InterestOnly Feature Disclosure - Check with underwriter

Underwriting Method

Loans may be underwritten by the methods noted as eligible in the table. To be eligible for purchase by investor, loans that are submitted through an automated underwriting system (AUS) must receive the indicated AUS result. _____

Underwriting Method	Eligible	Acceptable AUS Result
Manual	No	N/A
AUS	Yes	Approval

Note: Owner-occupied 3-4 unit properties require an AUS approval.

Fixed-Rate: _____

¹The loan must meet all published loan program guidelines. If the loan has been submitted through an AUS and receives something other than an approval, the reason for overturning the decision must be addressed and clearly documented in the loan file showing that the underwriter's evaluation has determined the loan is an investment-quality mortgage.

²Loans that receivesomething other than an approval recommendation may be eligible for purchase; however, they must be priced and committed under the appropriate program.

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Program Restrictions, Continued

Mortgage Credit Certificates

Allowed.

Geographic Restrictions

Ask Underwriter

Spot Relocation

Fixed-Rate

Allowed for primary residences only.

Fixed-Rate InterestOnly Loans

Not allowed.

Credit Score

The minimum representative credit score should not be lower than 580.

Late payments are considered accounted for in the credit score. However, the following items are subject to individual evaluation, no matter how high the credit score:

- Bankruptcy, foreclosure, deed-in-lieu, short sale.
- Judgments, collections, charge-offs, tax liens.

Seasoning Requirements - **Ask underwriter**

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Program Guidelines, Continued

Minimum Loan Amount

None.

Maximum LTV/CLTV

Fixed-Rate

Fixed-Rate						
Purchase and Rate-and-Term Refinance						
Primary Residences			Second Homes		Investments	
Type	Max. LTV/CLTV ¹	Min. Credit Score	Max. LTV/CLTV ¹	Min. Credit Score	Max. LTV/CLTV ¹	Min. Credit Score
1 Unit	95/95% ³	Determined by the AUS ⁵	95/95% ³	Determined by the AUS ⁵	90/90% ^{3,4}	Determined by the AUS ⁵
2 Units	95/95%	Determined by the AUS ⁵	N/A	N/A	90/90% ⁴	Determined by the AUS ⁵
3-4 Units	80/80% ²	Determined by the AUS ⁵			75/75% ⁴	Determined by the AUS ⁵
Cash-Out Refinance						
Primary Residences			Second Homes		Investments	
Type	Max. LTV/CLTV	Min. Credit Score	Max. LTV/CLTV	Min. Credit Score	Max. LTV/CLTV	Min. Credit Score
1 Unit	90/90% ³	Determined by the AUS ⁵	90/90% ^{1,3}	Determined by the AUS ⁵	85/85% ^{3,4}	Determined by the AUS ⁵
2 Units	90/90%	Determined by the AUS ⁵	N/A	N/A	85/85% ⁴	
3-4 Units	75/75% ²	Determined by the AUS ⁵			70/70%	

Footnotes begin on next page.

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Program Guidelines, Continued

Maximum LTV/CLTV, Continued

Fixed-Rate

Purchase, Rate-and-Term, and Cash-out Refinance, *Footnotes*

¹For loans with secondary financing submitted to AUS, the LTV must be reduced by 5%. For example, maximum 90% LTV allowed with maximum 95% CLTV.

²Eligible only with an AUS approval and executed Occupancy Declaration.

³Cooperatives are subject to the following occupancy, LTV, and underwriting restrictions. Secondary financing is not allowed.

- Owner-occupied Primary Residences: Maximum 90% LTV. Loans underwritten through an AUS system may be approved for higher LTVs.
- Second Homes: Maximum LTV determined by the AUS; generally 90% LTV for purchase and 80% LTV for rate-and-term refinance.
- Investment Properties: Not allowed.

⁴2-4 unit investment properties held in an inter vivos trust are limited to maximum 70% LTV.

⁵The minimum credit score is determined by the AUS but must not be less than 580.

Secondary Financing

Allowed to the maximum CLTV limits as shown in the [Maximum LTV/CLTV](#) heading.

Note: Community Seconds are not allowed.

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Program Guidelines, Continued

Maximum LTV/CLTV, Continued

Fixed-Rate InterestOnly

Fixed-Rate InterestOnly						
Purchase and Rate-and-Term Refinance						
Primary Residences			Second Homes		Investments	
Type	Max. LTV/CLTV	Min. Credit Score	Max. LTV/CLTV	Min. Credit Score	Max. LTV/CLTV	Min. Credit Score
1 Unit	95/95%	Determined by the AUS ¹	95/95%	Determined by the AUS ¹	90/90%	Determined by the AUS ¹
2 Units	90/90%	Determined by the AUS ¹	N/A	N/A	90/90%	Determined by the AUS ¹
3-4 Units	80/80%	Determined by the AUS ¹	N/A	N/A	N/A	N/A
Cash-Out Refinance						
Primary Residences			Second Homes		Investments	
Type	Max. LTV/CLTV	Min. Credit Score	Max. LTV/CLTV	Min. Credit Score	Max. LTV/CLTV	Min. Credit Score
1 Unit	90/90%	Determined by the AUS ¹	90/90%	Determined by the AUS ¹	70/70%	Determined by the AUS ¹
2 Units	90/90%	Determined by the AUS ¹	N/A	N/A	70/70%	Determined by the AUS ¹
3-4 Units	75/75%	Determined by the AUS ¹	N/A	N/A	N/A	N/A

¹The minimum credit score is determined by the AUS but must not be less than 580.

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Program Guidelines, Continued

Loan Term

- 10, 15, 20, 25, 30, or 40 years.
- InterestOnly: 30- or 40-years only.

Qualifying Ratios

Maximum qualifying ratios are: 28/36%

Ratios may be exceeded with an acceptable AUS certificate.

Fixed-Rate

When income, from non-occupant co-borrowers, is used to qualify on owner-occupied properties, the following additional restrictions apply:

- Occupant borrower ratios cannot exceed 35/43%.
- Maximum 90% LTV.
- If the LTV is greater than 80%, the owner-occupant co-borrower must make the first 5% of the down payment from his or her own funds.

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Program Guidelines, Continued

Mortgage Insurance

Fixed-Rate

Financed single premium MI (FSPMI) is allowed, but may not be available for all program options, including occupancy and property types.

Mortgage insurance coverage requirements are listed in the table below.

MI Coverage ⁵		
LTV Ranges	10-, 15-, and 20-Yr. Term	25-, 30-, and 40-Yr. Term
90.01 – 95%	25%	30% ^{1,3}
85.01 – 90%	12%	25% ^{2,4}
80.01 – 85%	6%	12%

¹25% coverage allowed on 1-2 unit primary residences properties with an Approve/Eligible DU or Accept LP certificate indicating the reduced coverage option.

²17% coverage allowed on 1-2 unit properties with an Approve/Eligible DU or Accept LP certificate indicating the reduced coverage option.

³18% coverage allowed on 1-2 unit properties with an Approve/Eligible DU or Accept LP certificate indicating the lower cost/custom coverage option.

⁴12% coverage allowed on 1-2 unit properties with an Approve/Eligible DU or Accept LP certificate indicating the lower cost/custom coverage option.

⁵Alaska Cash Out:

- MI must be obtained from GE, PMI, RMIC, or Radian.
- FSPMI is not allowed.

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Program Guidelines, Continued

Mortgage Insurance, Continued

Fixed-Rate InterestOnly

Financed single premium MI (FSPMI) is allowed, but may not be available for all program options, including occupancy and property types. [_____](#)
for details.

Mortgage insurance coverage requirements are listed in the table below. The following additional restrictions apply:

Alaska Cash Out:

- MI must be obtained from GE, PMI, RMIC, or Radian.
- FSPMI is not allowed.

LTV Ranges	Coverage
90.01 – 95%	30%
85.01 – 90%	25%
80.01 - 85%	12%

The following notes apply to all programs:

Notes: Additional pricing may be charged by the MI company based on the AUS decision.

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Program Guidelines, Continued

Down Payment / Source of Funds

Gift Funds			
Type	Owner-Occupied	Second Home	Investment
Source	<ul style="list-style-type: none"> • Relatives • Domestic partner • Fiancé Fiancée • Church • Municipality • Non-profit organizations 	Relatives only	Relatives only
Percentage of Borrower's Funds	Minimum 5% down payment must be from the borrower's own funds. Note: If the LTV/CLTV is less than or equal to 80%, the entire down payment may be a gift.	Minimum 5% down payment must be from the borrower's own funds. Note: If the LTV/CLTV is less than or equal to 80%, the entire down payment may be a gift.	Gift funds allowed <i>only</i> under the following conditions: <ul style="list-style-type: none"> • 1 unit SFR, condo, or PUD. • Maximum LTV of 70%. • Minimum 20% down payment must be from borrower's own funds.

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Program Guidelines, Continued

Cash Reserves

Owner-Occupied	Second Home	Investment
2 months	2 months	6 months

The AUS certificate may give an approval recommendation with a lesser reserves requirement.

Secondary Financing

Allowed to the maximum CLTV limits as shown in the [Maximum LTV/CLTV](#) heading.

Note: Community Seconds are not allowed. _____

Interested Parties' Contributions

Fixed-Rate and Fixed-Rate Interest Only

Allowed. _____

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Program Guidelines, Continued

Temporary Buydowns

Fixed-Rate and Fixed-Rate InterestOnly

Allowed subject to the following additional requirements:

Buydowns				
Occupancy	Eligible Finance Type	Eligible Plan ^{4,5}	Credit Score	Qualifying Rate
Owner-Occupied	Purchase and Rate and Term	3-2-1, 2-2-1, 2-1, 1-1-1, 1-1, 1 or 2.0-1.5-1.0-0.5	≥ 660 ¹	Bought Down Rate ²
			< 660	Note Rate ²
Second Home	Purchase and Rate and Term	3-2-1, 2-2-1, 2-1, 1-1-1, 1-1, 1 or 2.0-1.5-1.0-.5	Determined by the AUS	Note Rate ²
1-2 Units Investment ³	Purchase only	1	700	Note Rate ^{2,3}

¹Self-employed borrowers require a minimum credit score of 680.

²Loans submitted through an AUS system may be qualified at a different rate.

³Investment properties are subject to the following additional restrictions:

- Maximum 70% LTV.
- May not be subject to any subordinate financing or seller contributions.

⁴Owner-occupied and second home transactions are eligible for buydown plans that allow for increases of 0.5 percent at 6-month intervals with a maximum buydown plan period of 2 years.

⁵InterestOnly:

- Loans are limited to two-year buydowns
- Must be qualified at the fully amortized payment based on the Note rate.

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Program Guidelines, Continued**Prepayment Penalty**

Fixed-Rate

Not allowed.

Fixed-Rate InterestOnly:

Not allowed.

Energy Efficient Mortgages

Fixed-Rate

Not allowed.

Fixed-Rate InterestOnly

Not allowed.

Documentation Type

Full and Alternative documentation is allowed. Alternative documentation is not allowed for self-employed borrowers.

Spot Relocation Mortgages

Fixed-Rate

Allowed for primary residences only.

Fixed-Rate InterestOnly:

Not allowed.

Project Warranty

Standard Fannie Mae.

**Oftentimes, TWSB is asked to meet the needs of borrowers outside of the products we offer. In this case, we refer to each of our investor's niche products - and underwrite according to that investor's guidelines, while applying our standard layering of risk considerations, such as:

- The capacity of the borrower, or income from the underlying property, to adequately service the debt.
- The value of the mortgaged property.
- The overall creditworthiness of the borrower.
- The level of equity invested in the property.
- Any secondary sources of repayment.
- Any additional collateral or credit enhancements (such as guarantees, mortgage insurance or takeout commitments)