

MEMO SO 10 OVER BASE / PRICE ON THE LINE



# Underwriting Guidelines

Ameriquest, Bedford, Town & Country Credit  
First-Lien Loans

CREDIT SCORE	MORTGAGE PAYMENT HISTORY (covering last 12 months)					
	No Mtg Lates †	Up to 1 x 30	Up to 3 x 30	Up to 1 x 60	Up to 1 x 90	Up to 1 x 120
710 +	8A	4A	2A	A	C	C
680 - 709	7A	4A	2A	A	C	C
660 - 679	6A	3A	2A	A	C	C
640 - 659	5A	3A	2A	A	C	C
620 - 639	4A	2A	(2A)	A	C	C
600 - 619	3A	2A	A	B	C	C
580 - 599	2A	A	A	B	C	D
550 - 579	2A	A	A	B	C	D
520 - 549	B	B	B	C	D	D
500 - 519	C	C	C	D	D	D
No Score	N/A	N/A	N/A	N/A	N/A	N/A

Credit Grade	LTV DEBT RATIO - BK & NOD ADDITIONAL REQUIREMENTS										
	8A	7A	6A	5A	4A	3A	2A	A	B	C	D
Base LTV	90%	80%	90%	90%	90%	85%	85%	80%	75%	75%	60%
Maximum LTV**	95%*	95%*	90%	90%	90%	90%	90%	90%	85%	75%	60%
Max. Debt Ratio	50%*	50%*	50%*	50%*	50%*	50%*	50%*	50%	55%	55%	55%
BK / NOD / FC (BK measured from date discharged or dismissed)	None in last 36 months	None in last 36 months	None in last 36 months	None in last 36 months	None in last 36 months	None in last 36 months	None in last 24 months	None in last 24 months	None in last 12 months	Not currently in BK; no current NOD or FC	Prior to closing, BK must be dismissed or discharged, current NOD or foreclosure must be cured
Additional Requirements	† See Additional Requirements—Additional LTV/LTV Limitations ‡ See Additional Requirements—Credit		† See Additional Requirements—Credit	† See Additional Requirements—Credit	† See Additional Requirements—Credit	† See Additional Requirements—Credit	† See Additional Requirements—Credit	None	† See Additional Requirements—Credit	> Mortgage may be no more than 90 days delinquent at time of funding ‡ See Additional Requirements—Credit	> Mortgage may be no more than 120 days delinquent at time of funding > Excludes: nonowner, condo, 2-4 units, mobile/manufactured, rural, and Stated Income > Must show positive payment savings

\* 2A - 8A Debt Ratio Allowance: If gross disposable income is \$3,000 or more, the maximum debt ratio is 55% (Full Documentation only; not applicable to Jumbo).

\*\* Maximum LTV= Maximum LTV (by credit grade) OR Maximum LTV (by loan amount limits), whichever is lower.

State	County
CA	All
CO	All
CT	All
DE	New Castle
FL	Broward, Collier, Miami-Dade, Monroe, Palm Beach
GA	Cherokee, Cobb, Dawson, DeKalb, Fayette, Forsyth, Fulton, Gwinnett
HI	All
IL	Cook, DeKalb, DuPage, Grundy, Kane, Kendall, Lake, McHenry, Will
MA	All
MD	All
MI	Lapeer, Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw
MN	Anoka, Carver, Chisago, Dakota, Hennepin, Rice, Scott, Sherburne, Washington, Wright
NH	Rockingham
NJ	All
NV	Clark
NY	Bronx, Dutchess, Kings, Nassau, New York, Orange, Putnam, Queens, Richmond, Rockland, Suffolk, Westchester
OR	Benton, Clackamas, Clatsop, Columbia, Deschutes, Hood River, Lane, Lincoln, Linn, Marion, Multnomah, Polk, Tillamook, Washington, Yamhill
PA	Bucks, Chester, Delaware, Montgomery
RI	All
UT	Cache, Davis, Morgan, Salt Lake, Summit, Utah, Wasatch, Washington, Weber
WA	Chelan, Clark, Cowitz, Island, Jefferson, King, Kitsap, Kittitas, Pierce, San Juan, Skagit, Stemanis, Snohomish, Thurston, Wahkiakum, Whatcom
WI	Dane, Jefferson, Ozaukee, Pierce, St. Croix, Walworth, Washington, Waukesha

MINIMUM LOAN AMOUNT
\$60,000 (\$10,000 in Michigan)

Credit Grade	MAXIMUM LOAN AMOUNTS* (see page 3 for Jumbo Rules)	
	Standard	High Value Territory
8A	\$600,000	\$750,000
7A	\$600,000	\$750,000
6A	\$600,000	\$750,000
5A	\$500,000	\$750,000
4A	\$600,000	\$750,000
3A	\$600,000	\$750,000
2A	\$600,000	\$750,000
A	\$500,000	\$600,000
B	\$500,000	\$600,000
C	\$400,000	\$600,000
D	\$300,000	\$400,000

\* Maximum Loan Amount: Maximum loan amount for Standard Territory guidelines is \$600,000; maximum loan amount for High Value Territory guidelines is \$750,000. Any amounts greater than these maximums are subject to Jumbo guidelines.

Documentation Adjustment to Maximum Loan Amount	
Full Doc	\$0
Limited Doc	-\$50,000
Stated Doc	-\$100,000

LTV Limits	
\$0-\$333,700	Standard (see LTV-Debt Ratio table above)
\$333,701-\$600,000*	90%
\$600,001-\$750,000*	85%
\$750,001 and up*	80%

\* Maximum LTV= Maximum LTV (by credit grade) OR Maximum LTV (by loan amount limits), whichever is lower.



# Underwriting Guidelines

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First-lien Loans

ADJUSTMENTS TO BASE LTV			
Property Type	Adjustment	Income Type	Adjustment
SFR, Condo, PUD	0	Full Documentation	0
2 - 4 Units	- 5%	Limited Doc	0
Manu/Mobile Home	- 10%	Stated Income	- 10%
Location	Adjustment	Occupancy	Adjustment
Standard	0	Owner/2nd Home	0
Rural	- 10%	Nonowner Occ.	- 5%

\* LTV adjustments reduce Base LTV. The LTV limit for a given loan is the lower of Max LTV or the Adjusted Base LTV + 10%.  
\* Jumbo, rural and mobile/manufactured loans cannot exceed the Adjusted Base LTV.

ADDITIONAL REQUIREMENTS
<p><b>Credit:</b></p> <ul style="list-style-type: none"> <li>Determine credit grade based on the primary wage earner's credit score only.</li> <li>Triple-merge credit report required; use middle score of the highest income earner for qualification.</li> <li>The combined debt and credit of all borrowers must be considered when underwriting.</li> <li>Use a VOM to determine credit grade for private party mortgages where the applicant's credit score is 620 or higher; scores less than 620 require supporting documentation to cover 12 months of mortgage history.</li> <li>All delinquent credit must be brought current or paid off (satisfied).</li> <li>If borrower's credit grade is determined under the No Mtg Lates column of the Credit Grade table, the existing mortgage must be current at the time of funding.</li> </ul>
<p><b>Income</b></p> <ul style="list-style-type: none"> <li>LTVs higher than 80% require Full Documentation.</li> <li>Full Doc: Obtain current &amp; consecutive 24-months bank statements or prior two years' tax returns/W-2s, plus YTD (VOE or paycheck stub showing YTD earnings).</li> <li>Limited Doc: Obtain current &amp; consecutive 12-months bank statements or prior year's tax return/W-2, plus YTD (VOE or paycheck stub showing YTD earnings).</li> <li>Refer to the Full Documentation, Limited Documentation and Stated Income topics in the online Loan Origination P&amp;P for income documentation requirements.</li> </ul>
<p><b>Property/Property Value Determination/Insured AVM Requirements</b></p> <ul style="list-style-type: none"> <li>No deferred maintenance, F/Es or withholds permitted on LTVs higher than 85%.</li> <li>Refer to the <u>Minimum Property Standards</u> topic (and other related topics) in the online Loan Origination P&amp;P for property requirements.</li> <li>Insured AVMs are allowed on loans that meet all of the Standard guidelines and additional qualifying criteria (see <u>Insured AVM Qualifying Criteria</u> table).</li> <li>For loans \$500,000 and above, two independent appraisals required, at least one performed by a Preferred appraiser; one of the two appraisals must include interior photographs.</li> </ul>
<p><b>Cash Out:</b></p> <ul style="list-style-type: none"> <li>A transaction is considered "cash out" if the cash amount to the borrower exceeds \$2,000 or 2% of the loan amount, whichever is less.                         <ul style="list-style-type: none"> <li>Cash out includes paying off/down any of the borrower's debt that is not a lien on title for the subject property.</li> <li>Cash out does not include the total payment of all debt types of mortgage, open-end mortgage, credit line and property taxes associated with the subject property.</li> </ul> </li> </ul>
<p><b>Additional LTV/CLTV Limitations:</b></p> <ul style="list-style-type: none"> <li>Maximum 60% LTV for private party mortgages where the applicant scored less than 620 and the VOM is not supported with documentation to cover 12 months of mortgage history.</li> <li>Maximum CLTV is 100% for refinances, 95% for purchases (Texas loans may differ).</li> </ul>
<p><b>Approvals:</b></p> <ul style="list-style-type: none"> <li>Contracts for Deed require a minimum of Level 2 approval.</li> <li>Borrowers with a combined monthly gross income of \$1,001 to \$1,500 require a minimum Level 2 approval.</li> <li>Borrowers with a combined monthly gross income \$1,000 or less require a minimum Level 3 approval.</li> <li>Open judgments/tax liens greater than \$0 and/or open collections/charge-offs of \$5,000 or more require a minimum Level 2 approval.</li> <li>Purchase loans must be approved by the appropriate approval authority.</li> </ul>
<p><b>Cash Reserve Discount</b></p> <ul style="list-style-type: none"> <li>Cash reserve requirement:                         <ul style="list-style-type: none"> <li>.25 rate advantage: Obtain 2 months cash reserves</li> <li>.50 rate advantage: Obtain 6 months cash reserves</li> </ul> </li> <li>Borrowers can qualify with Full, Limited or Stated documentation.</li> <li>Cash reserves = 2 or 6 months PITI and HOA fees, if any.</li> <li>Verify reserves via current bank statements, 401(k) statements (70% of vested balance) or stock statements (value listed) and bond statements (purchase price). Cash reserves cannot come from loan proceeds; gifts are not acceptable.</li> </ul>