

BRIGHTEN LENDING CONFORMING INTEREST ONLY LIBOR ARMS

	3/1 INTEREST ONLY LIBOR ARM	5/1 HYBRID INTEREST ONLY LIBOR ARM	7/1 INTEREST ONLY LIBOR ARM	10/1 INTEREST ONLY LIBOR ARM
1. PRODUCT DESCRIPTION	<ul style="list-style-type: none"> Conventional Conforming interest-only for 3 or 10 years, then the rate begins to adjust annually and the payments are fully amortizing over the remaining years. 30 year term Non-Convertible ARM Plan #3270 (3-year IO) ARM Plan #3514 (10-year IO) 	<ul style="list-style-type: none"> Conventional Conforming interest-only for 5 or 10 years, then the rate begins to adjust annually and the payments are fully amortizing over the remaining years. 30 year term Non-Convertible ARM Plan #3502 (5-year IO) ARM Plan #3505 (10-year IO) 	<ul style="list-style-type: none"> Conventional Conforming interest-only for 7 or 10 years, then the rate begins to adjust annually and the payments are fully amortizing over the remaining years. 30 year term Non-Convertible ARM Plan #3224 (7-year IO) ARM Plan #3518 (10-year IO) 	<ul style="list-style-type: none"> Conventional Conforming interest-only for 10 years, then the rate begins to adjust annually and the payments are fully amortizing over the remaining years. 30 year term Non-Convertible ARM Plan #3225
Select "Interest Only" in the repayment type field in the Additional Data screen in Desktop Underwriter.				
2. PRODUCT CODES	<ul style="list-style-type: none"> E47 3/1 FNMA IO Libor ARM N-Conv (3-year IO) T64 3/1 Conforming IO Libor ARM (10-year IO) 	<ul style="list-style-type: none"> D31 5/1 FNMA IO Libor ARM N-Conv (5-year IO) T65 5/1 Conforming IO Libor ARM (10-year IO) 	<ul style="list-style-type: none"> E49 7/1 FNMA IO Libor ARM N-Conv (7-year IO) T66 7/1 Conforming IO Libor ARM (10-year IO) 	<ul style="list-style-type: none"> E50 10/1 FNMA IO Libor ARM N-Conv
3. INDEX	London interbank offered rate for twelve month United States dollar-denominated deposits, as published in the Wall Street Journal (Libor)			
4. MARGIN	2.375			
5. ANNUAL CAP	2%			
6. LIFE CAP	6%	5%		
7. RATE AT ADJUSTMENT	<ul style="list-style-type: none"> The initial note rate is in effect for 36 months; thereafter, a 2% annual adjustment cap begins with the first adjustment. Rate is equal to the note margin plus index rounded to the nearest .125%. Subject to annual/life caps. 	<ul style="list-style-type: none"> Initial note rate is in effect for 60 months; initial adjustment is subject to the life cap, thereafter, a 2% annual adjustment cap begins with the second adjustment. Rate is equal to the note margin plus index rounded to the nearest .125%. Subject to annual/life caps. 	<ul style="list-style-type: none"> Initial note rate is in effect for 84 months; initial adjustment is subject to the life cap, thereafter, a 2% annual adjustment cap begins with the second adjustment. Rate is equal to the note margin plus index rounded to the nearest .125%. Subject to annual/life caps. 	<ul style="list-style-type: none"> Initial note rate is in effect for 120 months; initial adjustment is subject to the life cap, thereafter, a 2% annual adjustment cap begins with the second adjustment. Rate is equal to the note margin plus index rounded to the nearest .125%. Subject to annual/life caps.
8. CONVERSION OPTION	N/A			
9. CONVERSION FEE	N/A			
10. DELIVERY	Refer to the BRIGHTEN LENDING Broker/Correspondent Lending Manual for acceptable delivery time frame. Special Feature Codes to be listed on 1008 Transmittal: <ul style="list-style-type: none"> 281 Financed single premium mortgages 187 LTV >76% <=90% and CLTV >77% <=90% 439 Non-permanent resident aliens 343 EA with Credit Data Errors 189 PITI Abatement 			
11. TEMPORARY BUYDOWNS	Not permitted			
12. QUALIFYING RATE AND RATIOS	Qualifying Rate <ul style="list-style-type: none"> Qualify using PITI at fully amortized repayment schedule, using fully-indexed rate.* *Complies with Minnesota state restriction. Ratios			

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	<ul style="list-style-type: none"> DU Approve/LP Accept loans - Ratios evaluated by DU/LP DU Refer loans - 36% 																																						
13. TYPES OF FINANCING	<ul style="list-style-type: none"> Purchase Mortgages Rate and Term Refinances <ul style="list-style-type: none"> Pay off of the existing first mortgage regardless of seasoning Pay off existing subordinate liens that were used in whole to acquire the subject property Closing costs and prepaids. Cash out limited to the lesser of 2% of the principal amount of the new loan or \$2000. Owner occupied properties located in Texas <ul style="list-style-type: none"> If the first or second Texas Section 50(a)(6) loan is being paid off, regardless of whether the borrower is getting any cash back, the loan is restricted to the Texas Refinance product. If the first mortgage is not a Texas Section 50(a)(6) loan and the second mortgage is a Texas Section 50(a)(6), the second lien may be subordinated and is considered a rate and term refinance. The second lien must be subordinate to the BRIGHTEN LENDING first mortgage and a subordination agreement must be executed. Borrower cannot receive any cash back from the first mortgage transaction. If a Texas Section 50(a)(6) second lien is being paid off, the loan is restricted to the Texas Refinance product. The title policy will reference Texas Section 50(a)(6). Equity Refinances <ul style="list-style-type: none"> No seasoning requirements on first mortgage or junior liens. Owner occupied properties located in Texas subject to Texas Section 50(a)(6) are NOT eligible. <ul style="list-style-type: none"> Paying off loans that are not Texas Section 50(a)(6) but are defined as a cash out refinance based on agency guidelines are eligible for this product. Borrower may not receive any cash back from the transaction. 																																						
14. MINIMUM/MAXIMUM LOAN AMOUNTS	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Units</th> <th colspan="2" style="text-align: center;">Maximum Loan Amount</th> </tr> <tr> <td></td> <th style="text-align: center;">Continental US</th> <th style="text-align: center;">Alaska & Hawaii</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">\$417,000</td> <td style="text-align: center;">\$625,500</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">\$533,850</td> <td style="text-align: center;">\$800,775</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">\$645,300</td> <td style="text-align: center;">\$967,950</td> </tr> <tr> <td style="text-align: center;">4</td> <td style="text-align: center;">\$801,950</td> <td style="text-align: center;">\$1,202,925</td> </tr> </tbody> </table>				Units	Maximum Loan Amount			Continental US	Alaska & Hawaii	1	\$417,000	\$625,500	2	\$533,850	\$800,775	3	\$645,300	\$967,950	4	\$801,950	\$1,202,925																	
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15. LOAN AMOUNT AND LTV LIMITATIONS	<ul style="list-style-type: none"> Refer to #16 Subordinate Financing Refer to #27 Credit for DU Refer loans. HCLTV (HELOC CLTV) = first mortgage balance + total HELOC amount (funded + unfunded portion) divided by the lesser of the appraised value or sales price (if applicable). <p>PRIMARY RESIDENCE <u>Purchases and Rate & Term Refis</u></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Units</th> <th style="text-align: center;">LTV w/out Sec. fin.</th> <th style="text-align: center;">LTV w/ Sec. fin.</th> <th style="text-align: center;">CLTV w/ Sec. Fin</th> <th style="text-align: center;">Max HCLTV</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">95%</td> <td style="text-align: center;">90%</td> <td style="text-align: center;">95%</td> <td style="text-align: center;">100%</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">90%</td> <td style="text-align: center;">85%</td> <td style="text-align: center;">90%</td> <td style="text-align: center;">95%</td> </tr> <tr> <td style="text-align: center;">3 & 4</td> <td style="text-align: center;">80%</td> <td style="text-align: center;">75%</td> <td style="text-align: center;">80%</td> <td style="text-align: center;">85%</td> </tr> </tbody> </table> <p><u>Equity Refis</u></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Units</th> <th style="text-align: center;">LTV w/out Sec. fin.</th> <th style="text-align: center;">LTV w/ Sec. fin.</th> <th style="text-align: center;">CLTV w/ Sec. Fin</th> <th style="text-align: center;">Max HCLTV</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1 & 2</td> <td style="text-align: center;">90%</td> <td style="text-align: center;">85%</td> <td style="text-align: center;">90%</td> <td style="text-align: center;">95%</td> </tr> <tr> <td style="text-align: center;">3 & 4</td> <td style="text-align: center;">75%</td> <td style="text-align: center;">70%</td> <td style="text-align: center;">75%</td> <td style="text-align: center;">80%</td> </tr> </tbody> </table>				Units	LTV w/out Sec. fin.	LTV w/ Sec. fin.	CLTV w/ Sec. Fin	Max HCLTV	1	95%	90%	95%	100%	2	90%	85%	90%	95%	3 & 4	80%	75%	80%	85%	Units	LTV w/out Sec. fin.	LTV w/ Sec. fin.	CLTV w/ Sec. Fin	Max HCLTV	1 & 2	90%	85%	90%	95%	3 & 4	75%	70%	75%	80%
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16. SECONDARY FINANCING	<ul style="list-style-type: none"> Permitted - Refer to #15 Loan Amount and LTV Limitations and to the Loan Eligibility Analysis chapter of the BRIGHTEN LENDING Underwriting Manual for secondary financing guidelines. If utilizing a BRIGHTEN LENDING second mortgage, the BRIGHTEN LENDING Home Equity Product Summaries must be reviewed for guidelines and acceptability of said product. Not all guidelines will be compatible. The more restrictive guideline will apply. 																																											
17. PROPERTY TYPES	<p>Eligible Property Types</p> <ul style="list-style-type: none"> 1 – 4 units PUDs¹ - Fannie Mae and Freddie Mac Warrantable projects Condos¹ - Fannie Mae and Freddie Mac warrantable projects Leasehold Estates¹ Modular Pre-Cut/Panelized Housing¹ <p>Ineligible Property Types</p> <ul style="list-style-type: none"> Co-ops Manufactured homes <p>¹Refer to the BRIGHTEN LENDING Broker/Correspondent Lending Manual for eligibility guidelines.</p>																																											
18. OCCUPANCY	<ul style="list-style-type: none"> Primary Residence Second Homes Investment Properties 																																											
19. GEOGRAPHIC LOCATIONS / RESTRICTIONS	Continental U.S., Alaska and Hawaii																																											

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20. ASSUMPTIONS	Permitted throughout life of loan. Creditworthy borrowers only.	Permitted after first interest rate adjustment period. Creditworthy borrowers only.		
21. ESCROW WAIVERS	Refer to Chapter VIII Underwriting Guidelines, Section 1-26 Property Tax and Insurance Escrow Waivers of the BRIGHTEN LENDING Correspondent Lending Manual or Chapter XI Underwriting Guidelines, Section 1-26 Property Tax and Insurance Escrow Waivers of the BRIGHTEN LENDING Broker Lending Manual.			
22. PREPAYMENT PENALTY	None			
23. UNDERWRITING	<p>Approval Authority</p> <ul style="list-style-type: none"> • <u>Delegated Correspondent</u> - Eligible • <u>Conditional Delegated Correspondent</u> - Requires DU Approve/Eligible or LP Accept. <ul style="list-style-type: none"> • Submit all other recommendations to an approved contract underwriter or BRIGHTEN LENDING • <u>Non-Delegated Correspondent</u> - Submit to approved contract underwriter or BRIGHTEN LENDING • <u>Broker</u> - Submit to approved contract underwriter or BRIGHTEN LENDING • New loans must be submitted to BRIGHTEN LENDING when: <ul style="list-style-type: none"> • <u>Delegated Correspondent</u> - New loan submissions exceed \$1,000,000 • <u>All other</u> - New loan submissions exceed \$650,000 • BRIGHTEN LENDING/Mortgage's overall exposure exceeds \$1 million <p>Automated Underwriting Requirements</p> <ul style="list-style-type: none"> • All loans must be submitted to Desktop Underwriter or Loan Prospector. • Must receive a DU "Approve/Eligible", DU "Refer/Eligible" or LP "Accept" decision. <ul style="list-style-type: none"> • Loans will receive an Ineligible recommendation until DO/DU is updated to reflect the enhanced criteria detailed in this product summary. Loans that receive an Ineligible recommendation are eligible if they comply with all applicable product guidelines. • All other DU/LP Recommendations are not eligible. • Refer to #27 Credit for credit requirements • May follow DU/LP decision and documentation requirements • Inaccurate Credit Data - If a manual underwrite is required due to substantial inaccurate credit data, the initial DU/LP report must be included in the file. The underwriter must comply with the Comprehensive Risk Assessment and analyze all primary and contributory risk factors associated with the file (including those identified by DU/LP) and document appropriate offsets and rationale in the underwriting decision. In addition, Bankruptcy and Foreclosure guidelines must be met. Refer to the Risk Management and Credit Considerations sections of the BRIGHTEN LENDING Broker/Correspondent Lending Manual. 			
24. PROCESSING STYLES	Standard	<ul style="list-style-type: none"> • Standard • Go Fast <ul style="list-style-type: none"> • <i>Engenious</i> determines eligibility & therefore this option is only eligible with a BRIGHTEN LENDING Approve decision from 		
25. BORROWER ELIGIBILITY	<p>Permanent Resident Aliens</p> <ul style="list-style-type: none"> • Provide Alien Registration Card if borrower does not live in the U.S. <p>Non-Permanent Resident Alien</p> <ul style="list-style-type: none"> • Must be a legal resident of the U.S. as evidenced by social security number • Must be employed in the U.S. • Tax Identification Number (TIN) is not acceptable <p>Trust Agreements</p> <ul style="list-style-type: none"> • Refer to the BRIGHTEN LENDING Broker/Correspondent Lending Manual. 			
26. CO-BORROWERS	<ul style="list-style-type: none"> • DU Approve/LP Accept loans - Co-borrower does not have to occupy the subject property • DU Refer loans - Co-borrower does not have to occupy subject to the following: <ul style="list-style-type: none"> • Occupant borrower must qualify for loan. Manual qualification ratio 43%. 			

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	<ul style="list-style-type: none"> Non-occupant borrower must be on a separate application. Occupant borrower must verify 5% investment from own funds (waived if LTV/CLTV is 80% or less) 			
27. CREDIT	<ul style="list-style-type: none"> DU Approve/LP Accept loans – Credit evaluated by DU/LP DU Refer loans - The underwriter must comply with the Comprehensive Risk Assessment and analyze all primary and contributory risk factors associated with the file (including those identified by DU) and document appropriate offsets and rationale in the underwriting decision. In addition, Bankruptcy and Foreclosure guidelines must be met. Rationale may be documented on the 1008 or Approval document. Refer to the Risk Management and Credit Considerations sections of the BRIGHTEN LENDING Broker/Correspondent Lending Manual. 	<ul style="list-style-type: none"> DU Approve/LP Accept loans – Credit evaluated by DU/LP DU Refer loans - The underwriter must comply with the Comprehensive Risk Assessment and analyze all primary and contributory risk factors associated with the file (including those identified by DU) and document appropriate offsets and rationale in the underwriting decision. In addition, Bankruptcy and Foreclosure guidelines must be met. Rationale may be documented on the 1008 or Approval document. Refer to the Risk Management and Credit Considerations sections of the BRIGHTEN LENDING Broker/Correspondent Lending Manual. 		
28. ASSETS	<p>Borrower Investment</p> <ul style="list-style-type: none"> 5% from borrower's own funds. <p>Seller Contributions Basis for the limit is now based on CLTV ratio</p> <ul style="list-style-type: none"> 3% for $CLTV \geq 90.01$ 6% for $CLTV 75.01\% - 90.00\%$ 9% for $CLTV \leq 75\%$ <p>Seller PITI Abatement Basis for the limit is now based on CLTV ratio</p> <ul style="list-style-type: none"> Seller must be provider of abatement funds. Abatement period cannot exceed 6 months. Must be included in the total Seller Contribution limits. 1-2 unit Primary or Second Homes Maximum 30 year term Borrower is qualified at the total amount of the monthly payment. None of the funds for the loan transaction can be funded through premium pricing. Signed "Interest Payment Supplement Agreement" Maximum 6% contribution <p>Gifts</p> <ul style="list-style-type: none"> Primary and Second Homes: Acceptable provided Borrower Investment is met. The Borrower Investment is waived when gift funds reduce the LTV/CLTV to 80% or less. Investment Properties: Gifts are not permitted. <p>Reserves</p>			

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	<ul style="list-style-type: none"> • None, unless required by DU/LP • Rate & Term Refinances have no reserve requirement unless needed as a compensating factor. • Equity Refinances - The cash out may not be used to meet the reserve requirement. 					
29. LIMITATIONS ON OTHER R.E. OWNED	<p>Multiple Loans to the Same Borrower</p> <ul style="list-style-type: none"> • Maximum 20% concentration in any one project or subdivision • <u>Primary Residences</u> <ul style="list-style-type: none"> • Up to 10 BRIGHTEN LENDING/Mortgage financed properties (including the subject property) or \$3.5 million whichever is less • Second Homes & Investment Properties <ul style="list-style-type: none"> • Up to a total of 10 financed properties (including the subject property) or \$3.5 million whichever is less • The following parameters apply when financing the 5th to 10th BRIGHTEN LENDING/Mortgage financed property: <ul style="list-style-type: none"> • Minimum credit score 680 • No bankruptcy or foreclosure • 6 months PITI reserves required for all new loans being financed, exclusive of cash-out • Borrower must demonstrate a 2 year history of property management experience • Maximum 15% cumulative cash-out is permitted (based on the loan amount of all new loans being financed) • Non-arms length transactions are not permitted • Super Jumbo guidelines apply when new multiple loan submissions exceed \$850,000 • <u>New</u> multiple loans must be underwritten simultaneously • Refer to #23 Underwriting 					
30. APPRAISER REQUIREMENTS	Current license required					
31. APPRAISAL REQUIREMENTS	<ul style="list-style-type: none"> • Refer to BRIGHTEN LENDING Broker/Correspondent Lending Manual • Maximum financing is not available on properties in declining markets • Follow DU recommendation. For properties in Kansas the Form 2075/2070 is not permitted. 					
32. MORTGAGE INSURANCE	<p>Borrower Paid MI Option</p> <ul style="list-style-type: none"> • Required on all loans exceeding an 80% LTV. • Acceptable Companies <ul style="list-style-type: none"> • GEMICO • Radian • UG • MGIC • PMI • RMIC • Triad • MI may be financed on 1 unit primary residence purchase and rate & term refis. <ul style="list-style-type: none"> • The mortgage amount and LTV <u>including</u> the financed premium may not exceed the limitations set forth in the program guidelines. MI coverage is based on LTV <u>excluding</u> the financed premium. <ul style="list-style-type: none"> • For properties located in LA and VA, MI coverage is based on LTV <u>including</u> the financed premium. • NY State – Use the appraised value to determine if mortgage insurance is required. If mortgage insurance is required, use the lesser of sales price or appraised value to determine the appropriate coverage. • Follow MI coverage per DU/LP findings or use the standard coverage below. MI coverage (i.e. Reduced or Lower Cost MI) associated with a loan level price adjustment indicated on the DU/LP report is NOT permitted. • Coverage <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;">LTV</td> <td style="width: 50%; border: none;">Coverage</td> </tr> </table> 				LTV	Coverage
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	80.01% - 85% 12% 85.01% - 90% 25% 90.01% - 95% 30% Lender Paid Single Policy (LPSP) MI Option (Correspondents Only) <ul style="list-style-type: none"> • Acceptable Companies: <ul style="list-style-type: none"> • UG • Radian • MGIC • Genworth 			
33. ENGENIOUS ELIGIBILITY/ REQUIREMENTS	Loans are not eligible for submission to <i>Engenious</i> .	<i>Engenious</i> eligible only with Go Fast Recommendation and/or Processing Style.		
34. SPECIAL REQUIREMENTS / RESTRICTIONS	None			