Home Ownership Made Simpler.

WinPrime Lending now offers a new option for first-time homebuyers – the HomeReady mortgage from Fannie Mae.
Here are some of the key advantages:

- Purchase: 1-Unit 95% LTV; Minimum FICO 640
- Limited Refinance: 1-Unit 95% LTV; Minimum FICO 640
- Purchase or Limited Refinance: 2-Unit 85% LTV; Minimum FICO 640
- Max 95% LTV if High Balance loan or non-occupant co-borrower
- Maximum CLTV cannot exceed the maximum LTV unless the subordinate financing meets Fannie Mae Community Seconds requirements
- DU Approve/Eligible under the HomeReady Program
- Borrower Income Limits based on Census tracts. (See Fannie Mae's HomeReady Website)
- No minimum borrower contribution for 1-Unit properties
- Homeownership Education required for at least one borrower for purchase transactions only
- Standard LLPA are waived if greater than 80% LTV and Credit Score is 680 or greater; otherwise, standard LLPA applies up to cap of 1.50%
- MI 85.01 to 95%, 25% coverage; 80.01 to 85%, 12% MI Coverage
- Borrower-paid monthly premium and single/lump sum are eligible; lender-paid not available

EQUAL HOUSING OPPORTUNITY

Winprime Lending is built around providing a streamlined operational flow with the purpose of providing superior processing underwriting, and funding timelines that exceed industry standards

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WINPRIME LENDING

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Minimum Borrower Contribution for Purchase Transactions
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<tr><th colspan="3">Fixed</th></tr>
<tr><th>Number of Units</th><th>Minimum Borrower Contribution</th><th>Minimum Down Payment Requirement</th></tr>
<tr><td>1[1]</td><td>None</td><td>3%[2]</td></tr>
<tr><td>2</td><td>3%</td><td>15%</td></tr>
<tr><td>3 or 4</td><td>3%</td><td>25%</td></tr>
<tr><th colspan="3">Borrower Contribution Notes</th></tr>
<tr><td colspan="3">1. A minimum 3% borrower contribution and minimum down payment of 5% is required if sweat equity is being used toward the down payment for one unit HomeReady purchase transactions. Refer to the Sweat Equity section for additional requirements.
2. A 3% down payment is permitted for certain purchase transactions.</td></tr>
</table>

Acceptable Assets
x Personal gifts, gifts or grants from a qualified entity, employer assistance
x Community Seconds
x Minimum borrower contribution from own funds MUST be met before other acceptable sources of funds are permitted
x Cash-on-Hand
○ [illegible] funds for closing costs and/or prepaid items on purchase transactions of 1 unit properties.
○ The borrower customarily uses cash for expenses, and the amount of funds saved is [illegible]
○ Funds for the down payment and closing costs must exist in a financial institution account or an acceptable escrow account. Funds must be on deposit at the time of application, or no less than 30 days prior to closing.
○ The cash on hand is not borrowed and could have been saved by the Borrower.
○ The credit report does not show more than three Tradelines for the Borrower.
○ The updated credit report and other verifications should indicate limited or no use of credit and limited or no depository relationship between the borrower and a financial institution.

x Sweat equity is allowed, if the following conditions are met: The mortgage is originated under a specific lending program. The lending program is managed by a strong, experienced nonprofit organization. When sweat equity is accepted toward the down payment, the borrower must contribute at least 3% from his or her own funds. For one unit properties, a minimum down payment of 5% is required t 2% sweat equity and maximum LTV ratio of 95%. For two to four unit properties, refer to the table above.
○ Note: This requires underwriter review by Correspondent.
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</table>

Borrower Eligibility	Non-occupying co-borrowers are permitted to maximum 95% LTV in DU. Income considered as part of qualifying income and subject to income limits. No limitation on ownership of other property for non-occupant borrower.
Credit	Non-traditional credit is not allowed.
Documentation	Full
Down Payment Requirements	See Assets section.
Employment/Income Verification	Per DU.
Escrow Holdbacks/Work Completion Escrow Procedures	Allowed.
FICO/Credit Score	620
Home-buyer Education and Counseling	**Overview** • Pre-purchasing homeownership education is required for HomeReady purchase transactions. • At least one borrower must complete the pre-purchase home-buyer education prior to closing. If all the buyers are the first time homebuyers. All education, collection, and counseling efforts must comply with the requirements of applicable federal and state laws, including the Equal Credit Opportunity Act, the Fair Debt Collections Practices Act, and the Fair Credit Reporting Act. **Options for Meeting the Pre-purchase Homeownership Requirements** There are three options for borrowers to meet the pre-purchase homeownership education requirements as described below.

Options	Description	Evidence of Completion
Complete the Framework Homeownership LLC (Framework®) online education program.	The Framework homeownership education program is available in both English and Spanish and meets the standards defined by both the National Industry Standards for Homeownership Education and Counseling and by HUD. Framework will offer borrowers a referral to a HUD-approved counseling agency for additional assistance. Borrowers who complete the Framework program also have the option of consulting a counselor from any HUD-approved agency of their choice **Note:** Online education may not be appropriate for all potential home buyers. The	Framework certificate of course completion.

	presence of a disability, lack of Internet access, and other issues may indicate that a consumer is better served through other education modes (for example, in-person classroom education or via a telephone conference call). In these situations, consumers should be directed to Framework's toll-free customer service line, from which they can be directed to a HUD-approved counseling than can their needs. The counseling agency that handles the referral must provide a certificate of completion, and the lender must retain a copy of the certificate in the loan file. Lenders may contact Fannie Mae for guidance in other situations not address above.	
Receive pre-purchase housing counseling and complete homeownership education from HUD-approved nonprofit housing counseling agency.	The counseling receipt must receive both pre-purchase housing counseling and homeownership education that meets HUD's definitions, as evidenced by a *Certificate of Completion of Pre-purchase Housing Counseling* (Form 1017), signed by both the counseling recipient and the HUD counselor.	*Certificate of Completion of Pre-purchase Housing Counseling* (Form 1017) signed by both the counseling recipient and the HUD counselor.
Complete a homeownership education course required by a Community Seconds or Down Payment Assistance Program by a HUD-approved agency.	If the mortgage loan involves a Community Seconds or Down Payment Assistance Program and that program requires its own homeownership education course provided by a HUD-approved counseling agency, the borrower is not required to enroll in the Framework program. **Note:** Housing counseling or a referral to a housing counselor is not required.	Certificate issued by a HUD-approved agency that provided the course.

	Evidence of Completion Evidence of completion must be provided in the loan file that the borrower(s) complied with one of the three options described in the table above. **Fees** Fees may be charged to the borrower for counseling and/or education; however, all fees must be fair, reasonable, and commensurate with the level of services provided. The borrower must be advised of the amount of fees prior to the delivery of any service.
Income	**Borrower Income Limits and Calculations** • In determining whether a mortgage is eligible under the borrower income limits, the income from all of the borrowers who will be listed on the mortgage note must be counted, to the extent that the income is considered in evaluating creditworthiness for the mortgage loan. • The same methodology used in determining income eligibility for HomeReady must be used in reporting "Monthly Income" on the 1008. • Eligibility for a HomeReady loan compares the borrower's income to the applicable area median income (AMI) for the property's location. • The AMIs used to determine borrower income eligibility are provided to Fannie Mae by its regulator, the Federal Housing Finance Agency (FHFA). For determining eligibility, the AMIs on Fannie Mae's website must be used, not anyone else's published versions (such as AMIs posted on huduser.org). • The Area Median Incomes (AMIs) used by Fannie Mae are available on Fannie Mae's website. • DU will issue a message when the total qualifying income entered in DU appears to be within the AMI limits and/or the property is located within the geographic areas outlined below indicating that the loan may be eligible as a HomeReady mortgage loan. • Income may not exceed 100% of the annual HUD AMI for the property's location, except: ○ There is not an income limit for properties located in a low-income census tract (median tract income no greater than 80% AMI). **Non-Borrower Household Income** The existence of income from a non –borrower household member may be considered as a compensating factor for loans underwritten through DU to allow for a higher DTI ratio. A "household member" is defined as any person who intends to live with the borrower in the subject property for a minimum of 12 months. An individual who is considered a non-borrower household member in accordance with these guidelines may not also be the contributor of rental income (two- to four-unit properties), accessory unit income (one-unit properties), or boarder income the subject transaction. The income from the non-borrower household member is not added to the borrower's income for qualifying purposes; however, the existence of this income is considered a compensating factory that may allow the borrower to have a DTI ratio greater than 45% up to 50%. That income must be entered as Non-Borrower Household income in the Other Income section of the DU online application. If the non-borrower income is needed as a compensating factor to allow a DTI ratio greater than 45% up to 50%, the following requirements apply: • The non-borrower household income must be documented in accordance with Fannie Mae's standard documentation requirements applicable to the type of income required. • The amount of the non-borrower household income must be 30% or more of the total qualifying income used to underwrite the loan.

	• The lender must obtain a written statement from the non-borrower that he or she intends to reside with the borrower in the subject property for a minimum of 12 months. Because the non-borrower's income is not being used for qualifying purposes, it is not considered when determining whether the mortgage loan meets the HomeReady income limit requirements. An optional form, HomeReady™. Non-Borrower Household Income Worksheet and Certification (Form 1019), can be used to assist underwriters in documenting the non-borrower household income requirements. • **Note:** This requires underwriter review by Correspondent. **Rental Income from the Subject Property** Rental income is an acceptable source of qualifying income in the following instances: • One-unit principal residence with an accessory unit. • Two-to four-unit principal residence properties **Boarder Income** • The rental payments that any borrower receives from one or more individuals who reside with the borrower (but who are not obligated on the mortgage debt and may or may not be related to the borrower) may be considered as acceptable stable income when qualifying for a one-family property, in an amount of up to 30% of the total gross income that is used to qualify the borrower for the mortgage if: o The individual(s) has lived with (and paid rent to) the borrower for the last 12 months. o The boarder can provide appropriate documentation to demonstrate a history of shared residency (such as a copy of a driver's license, bill, bank statement, etc., that shows the boarder's address as being the same as the borrower's address). o The boarder can demonstrate (such as copies of canceled checks) the payment of rental payments to the borrower for the last 12 months. Payment of rent by the boarder directly to a third party is not acceptable.
Ineligible	• Texas (a)(6) transactions – The loan is not eligible for a refinance under this program if the Borrower receives any cash back at closing (even as little as $1). • HomeStyle Renovation
Lien Position	First
Maximum Loan Amount	FHFA Loan Limits
Minimum Loan Amount	$25,000
Mortgage Insurance	• Mortgage Insurance is required if the LTV exceeds 80%. Refer to the below coverage amounts. • Borrower paid and lender paid mortgage insurance is allowed. • Financed borrower-purchased mortgage insurance is allowed for one-unit properties only. • Minimum insurance coverage levels with an LLPA are not allowed.
Number of Financed Properties	• The borrower may have an ownership in any other residential dwelling at the time of loan closing.

Mortgage Insurance Coverage Requirements

	LTV Range			
Term	**80.01 – 85.00%**	**85.01-90.00%**	**90.01-95.00%**	**95.01-97.00%**
≤ 20 years	6%	12%	25%	25%
> 20 years	12%	25%	25%	25%

	• A manufactured home, regardless of the type of land ownership, is considered a residential dwelling for this purpose. • Ownership in a timeshare, either as a deeded interest or a right-to-use arrangement, is not considered ownership in a residential dwelling for HomeReady purposes due to the very limited (typically one or two weeks per year) access to the unit.
Occupancy	Primary Residence
Program Codes and Terms	Fixed: • CHRF15: 11 – 15 year terms • CHRF30: 16 – 30 year terms Community Second: • CHRCSF15: 11 – 15 year with Community Second • CHRCSF30: 16 – 30 year with Community Second High Balance: • CHRHBF15: 11-15 year term • CHRHBF30: 16-30 year term Community Second High Balance: • CHRCSHBF: 11-15 year term with Community Second • CHRCSHBF: 16-30 year term with Community Second
Property Types	• Single Family (Detached, Attached) • PUD (Detached, Attached) • Condominium – Warrantable (Detached, Attached) • Modular Home • 2-4 Units
Ratio	As determined by DU.
Reserves	DU will determine the reserve requirement. Reserves may come from a gift.

Subordinate Financing	**Subordinate Financing – Non-Community Seconds**
	• Allowed, follow conforming guidelines for standard subordinate financing guidelines.
	• Maximum CLTV as determined by the Program Summary.
	• Subordinate financing from a seller held mortgage is not permitted.
	
	Community Seconds
	• A Community Seconds mortgage may be funded by a municipality, state, county, state or local housing finance agency, nonprofit organization, a regional Federal Home Loan Bank under one of its affordable housing programs, or an employer. It may not be funded by the property seller or any other interested party to the transaction; however, a lender may fund a Community Seconds mortgage that an employer guarantees as part of its affordable housing program.
	• One of the following product codes must be used when there is a community second:
	  ○ Conforming Community Second:
	    – CHRCSF15 = 10-15 year
	    – CHRCSF30 = 16-30 year
	  ○ High Balance Community Second:
	    – CHRCSHBF15: 10-15 year term
	    – CHRCSHBF30: 16-30 year term
	• Maximum CLTV as determined by the Program Summary.

	• A borrower of a mortgage loan secured by a principal residence may use funds received from a Community Seconds mortgage to fund all or part of the down payment or closing costs, or renovations to the property.
	• The specific terms and structures that are associated with a Community Second mortgage may vary depending upon the provider.
	• The Community Seconds programs that are used in the transaction must be reviewed to ensure that the programs are in compliance with the below requirements.
	• The Community Seconds Checklist includes a checklist that must be used to evaluate key considerations in determining whether to grant approval of a Community Seconds program.
	• The approval of the Community Seconds program must include a review of all of the documents applicable to the program, including the legal documents (such as the promissory note and the security instrument), the program description, and any other pertinent documents.
	• If the Community Seconds program includes recorded deed restrictions or option agreements, or local ordinances that impose similar restrictions, these restrictions and agreements must be evaluated for compliance with other WinPrime Lending and Fannie Mae resale restriction policies.
	• The deed of trust or mortgage for the Community Seconds mortgage must be subordinate to the first mortgage lien. The title insurance in effect must ensure priority of the first mortgage by showing the Community Seconds mortgage in a subordinate position.
	• The Community Seconds documents do not need to explicitly state the fact that the Community Seconds mortgage will be subordinate to the first mortgage, however the documentation must allow the holder of the first mortgage to foreclose and acquire title to the property free and clear of all interests of the Community Seconds provider.
	• **Note:** If a provider assumes the first mortgage and cures all outstanding defaults under that mortgage, the Community Seconds financing may be maintained.
	
	Repayment
	• Repayment of the Community Seconds mortgage may be structured in any number of ways as long as the terms are consistent with the following:
	    o Requiring fully amortizing, level monthly payments;
	    o Deferring payments for some period before changing to fully amortizing, level monthly payments;
	    o Deferring payments over the entire term, unless the mortgage is paid off or the property is sold before the maturity date of the mortgage; or
	    o Forgiving the debt over time.
	• When the borrower's employer is the provider of the Community Seconds mortgage, the financing terms may provide for the employer to require full repayment of the debt should an employee's employment terminate (either voluntarily or involuntarily, for reasons other than those related to disability) before the maturity date of the Community Seconds mortgage.
	• Where repayment of the Community Seconds mortgage is deferred for five years or more, the monthly payment for the Community Seconds mortgage is not required to be included in the calculation of the borrower's debt-to-income ratio.
	• Where repayment is deferred for fewer than five years, the monthly payment amount that will be required after the end of the deferral period must be included in the DTI calculation.
	• Subordinate financing under the Community Seconds option that provides for a balloon payment no earlier than fifteen years from the note date of the first mortgage loan or the maturity date of the first mortgage loan is allowed.

	• The interest rate for the Community Seconds mortgage may not be more than 2% higher than the interest rate of the first mortgage.
	• **Note:** Interest that is imposed as a penalty should the mortgage be declared in default and
	
	• The Community Seconds mortgage may not provide for negative amortization.
	• However, because negative amortization will occur if the interest rate is greater than zero and the payment of interest is deferred for a period of time, negative amortization will otherwise be acceptable as long as:
	    o Interest is accrued on a simple-interest basis at a rate that is not more than 75% of the rate of the related First Lien Loan, and the accrued interest is fully deferred until
	        − sale or transfer of the property,
	        − the mortgage loan is refinanced or other full repayment of the first lien loan, or
	        − declaration of an event of default under the subordinate note or the security instrument or,
	    o the accrued interest is assessed only as a penalty upon declaration of an event of default under the subordinate note or the security instrument.
	• The Community Seconds option may not allow eligible providers to “subsidize” the sales price of the property because this method of calculating the LTV would cause the loan to be manually underwritten and manual underwriting is not allowed.
	
	Participation in appreciation
	• Not allowed.

Transaction Types	• Purchase • Rate/term Refinance