



**PRODUCT:**

PCM15    PCM15 LPMI    PCM30 2/1 Buydown  
 PCM20    PCM20 LPMI    PCM30 1/0 Buydown  
 PCM30    PCM30LPMI

**PCM Conforming Wholesale**

PCM3/1  
 PCM5/1  
 PCM7/1  
 PCM10/1

**Full Documentation - Borrower Paid MI**

Max LTV	Max CLTV	Score	Trans	DTI	Units	Max Amt
<b>Primary Residence</b>						
95	95	680 <sup>1</sup>	Purchase, R/T	41 <sup>2</sup>	1	\$417,000
90	95	660	Purchase, R/T	45	1	\$417,000
85 <sup>3</sup>	85 <sup>3</sup>	680	C/O	41	1	\$417,000
80	85	620	Purchase, R/T, C/O	45	1	\$417,000
80	80	660	Purchase, R/T, C/O	45	2	\$533,850
75	75	660	Purchase, R/T, C/O	45	3	\$645,300
75	75	660	Purchase, R/T, C/O	45	4	\$801,950
<b>Second Home</b>						
90	90	700	Purchase, R/T	45	1	\$417,000
80	80	620	Purchase, R/T	45	1	\$417,000
75	75	620	C/O	45	1	\$417,000
<b>Investment</b>						
80	80	700	Purchase, R/T	45	1	\$417,000
75	75	660	Purchase, R/T	45	1	\$417,000
75	75	680	C/O	45	1	\$417,000
75	75	660	Purchase, R/T	45	2	\$533,850
70	70	680	C/O	45	2	\$533,850
75	75	660	Purchase, R/T	45	3	\$645,300
75	75	660	Purchase, R/T	45	4	\$801,950

**Full Documentation - Lender Paid MI**

<b>Primary Residence</b>						
95	95	720	Purchase, R/T	45	1	\$417,000
90	90	700	Purchase, R/T	45	1	\$417,000

90-95% transactions cannot be in declining markets determined by MGIC/UG.

[Restricted Market Lookup](#)

<sup>1</sup>If property is in a declining market, as determined by MGIC/UG, then the minimum credit score is 700.

<sup>2</sup>Minimum 720 credit score required for 45% DTI.

<sup>3</sup>Property must be in a Stable Market determined by MGIC/UG.

**Amortization:**

Product is available as 10, 15, 20, 25 and 30 years for fixed rate loans. Adjustable rate loans are 30 year only.

**Appraisal Requirements:**

A full URAR is required on all transactions. **PCM does not accept transferred appraisals. All appraisals must be ordered through PCM HVCC department.** See PCM HVCC policy. [www.pcmexpress.com](http://www.pcmexpress.com).

The effective date of the appraisal cannot be greater than 12 months old from the closing date, and all comps used in the appraisal report cannot be greater than 12 months old.

Appraisal requirements for PUDs, in new subdivisions, are as follows:

- One Comparable from inside the subject development must be obtained.
- A minimum of one comparable is required from outside the development and from outside the influence of the developer.

**ARM Specifics:**

Caps	5/1 7/1 10/1	5/2/5 5/2/5 5/2/5
Margin	2.25	
Index	One Year LIBOR	
Adjustments	Fixed for 5, 7 or 10 years. Thereafter, adjusts annually.	
Conversion	Not available	
Assumability	Assumable per FNMA/FHLMC guidelines	

**Assets:**

Documentation of assets will be based on DU or LP findings with the following additional requirements:

- A VOD must be accompanied by minimum 1 months complete bank statement or account history printout.
- All online or other activity printouts must clearly identify the borrower, the bank name and account number.
- Verification of full account numbers will be required if not found on full statements or printouts.
- Accounts shared by spouse are required to have written permission by spouse not on the loan to verify borrower has access to funds in shared account.
- Mutual funds, stocks and Bonds must be discounted by 30% of the available balance.
- Retirement accounts must be discounted by 40% of the vested balance after loans. Terms of withdraw must be documented on all retirement accounts even if only used for reserves.

**Construction to Permanent LTV Calculation:**

Loan Requirements:

- The loan is a permanent new loan used to pay off construction financing (new construction only).
- The construction must be complete at the time of closing, a CO will be required. Photos of completed property are required.
- **Must be secured by owner-occupied primary residence and second homes only.**

- Transactions are treated as refinance only and borrower must be current owner of record of land.
- Acceptable documentation of acquisition cost on all properties (see below).
- Payments must be documented with 12 months of cancelled checks and a VOM.
- Home renovation loans/existing construction refinances are not considered construction/permanent refinance.
- 3 day right of rescission will be required where the appraiser notes the property as "owner occupied" instead of vacant or the appraisal photos show the property to be occupied.
- Re-cert of value required after 120 days on appraisal.
- \*All Construction/Permanent loans require LP findings (run as construction/permanent). DU is acceptable on case by case, but will have additional requirements.

Ineligible Properties:

- Properties in which the borrower has a development interest (example, if the borrower is also the builder).
- See also PCM ineligible properties.

LTV /CLTV requirements for construction to permanent financing are as follows:

- Acquisition cost must be documented.
- LTV/CLTV must be within the guidelines posted above.
- When the lot is owned less than 12 months prior to the close of interim financing
  - LTV/CLTV ratio is based on the lesser of:
    - Current appraised value of the subject property (both the lot and the improvements), or
    - Total acquisition costs (sum of documented costs of construction and the **sales price** of the lot – documented by HUD-1).
- When the lot is owned greater than 12 than or equal to 12 months prior to the close of interim financing
  - LTV/CLTV ratio is based on the lesser of:
    - Current appraised value of the subject property (both the lot and the improvements), or
    - The sum of the documented costs of construction and the **appraised value** of the lot.
- As a reminder acquisition cost must be documented as follows: Purchase contract or construction statement (cost breakdown) signed by the borrower and the builder.
- If the lot is acquired separately, the borrower must also provide a copy of the recorded deed with the filing date (if applicable) and one of the following:
  - Copy of the land purchase agreement or contract for deed, or
  - HUD-1 settlement statement.
- If land acquired by gift or inheritance, the value of the land (regardless of the date of acquisition) will be the current appraised value of the land as reported on the appraisal. LTV still based on lesser of current appraised

value of the subject property or the sum of the documented cost of construction and the appraised value of the lot.

**Cash to Close:** For primary residence and second home transactions, the borrower must have a minimum of 5% own funds. Only required on scenarios where a down payment is present.

**Conversion of Principal Residence:**

Scenario	Policy Effective on September 9, 2008
The current primary residence is pending sale but will not be close prior to the purchase of a new primary residence.	<ul style="list-style-type: none"> <li>Both the current and new mortgage payments (principal, interest, taxes, and insurance) must be used to qualify the borrower for the new transaction.</li> <li>LP/DO to determine reserves requirements.</li> </ul>
The current primary residence will become a second home <b>AND</b> at least 30% equity in the current Primary residence can be documented*	<ul style="list-style-type: none"> <li>Both the current and the new mortgage PITI payments must be used to qualify the borrower for the new transaction.</li> <li>Two months reserves (PITI) required for <b>BOTH</b> properties.</li> </ul>
The current primary residence will become a second home <b>AND</b> at least 30% equity in the current primary residence <b>CANNOT</b> be documented*	<ul style="list-style-type: none"> <li>Both the current and new mortgage PITI payments must be used to qualify the borrower for the new transaction.</li> <li>Six months reserves (PITI) required for <b>BOTH</b> properties.</li> </ul>
The current primary residence will become an investment property <b>AND</b> at least 30% equity in the current primary residence can be documented*	<p>If using up to 75% of the rental income to offset the mortgage payment in qualifying:</p> <ul style="list-style-type: none"> <li>Six months reserves (PITI) required for <b>BOTH</b> properties.</li> <li>Rental income must be documented with a fully executed lease agreement and proof that a security deposit was received from the tenant and deposited in the borrower's account.</li> </ul> <p>If not using rental income to offset the mortgage payment in qualifying:</p> <ul style="list-style-type: none"> <li>Two months reserves (PITI) required for <b>BOTH</b> properties.</li> </ul>
The current primary residence will become an investment property <b>AND</b> at least 30% equity in the current primary residence <b>CANNOT</b> be documented*	<ul style="list-style-type: none"> <li>Rental income may <b>NOT</b> be used to offset the mortgage payment.</li> <li>Both the current and the new mortgage PITI payments must be used to qualify the borrower for the new transaction.</li> <li>Six month reserves (PITI) required for <b>BOTH</b> properties.</li> </ul>
<p><b>*To determine if a property has 30% equity, Primary Capital will obtain an AVM upon receipt of file.</b></p>	

**Credit:** Credit requirements will be determined by LP or DU. HELOCs – calculate the monthly payment using 1% of the total line amount for qualifying payment. Lines with zero balance must still use 1% of the total line for payment.

\*No late mortgage (to include line of credit secured by property) payments in the past 12 months allowed, regardless of LP/DU findings. No exceptions.

**Credit Score:** All transactions must have a minimum credit score of 620 regardless of AUS findings. All borrowers must meet credit score requirements.

**Condominiums:** Condominiums are ineligible on this product.

**Documentation  
(credit file):**

Credit file documentation must be dated within 90 days of the note date. PCM reserves right to request updated documents for underwriting decisions or files nearing expiration (before 90 days).

**Eligible Borrowers  
(Non US Citizen):**

Lawful permanent or non-permanent residents of the U.S. PCM requires documentation to verify that a non U.S citizen is legally present in the U.S. A copy of the Green Card or valid acceptable Visa is required. For Green Card, a copy of the front and back is required. Actual copy Visa is required (unexpired) with acceptable class.

All borrowers must have valid Social Security Number and a minimum of 2 years residency and employment in the U.S. (must have filed income with U.S for past 2 years).

**Geographic  
Restrictions:**

None

**Gifts:** Gifts are allowed after borrower has contributed 5% own funds on primary residence and second home transactions. For LTVs 80% and below, the entire down payment may be a gift. Documented per AUS findings.

**Employment/Income  
Documentation:**

In addition to AUS income documentation requirements, PCM will obtain a 4506 on all borrowers (official transcripts from IRS). PCM may require additional income documentation not required by AUS findings (additional paystubs, tax returns, bank statements to show payroll deposits, etc). VOE's are acceptable but must be accompanied by a paystub. VOE must be completed on Fannie/Freddie forms.

Borrower must be on new job a minimum of 30 days and have a paystub that reflects a minimum of 30 days earnings documented in loan file prior to loan closing. A written VOE may not be used in lieu of this requirement.

Verbal VOE – PCM will obtain a verbal VOE on all borrowers within 72 hours of closing. For self employed borrowers, PCM will verify existence of business from third party source prior to closing.

**Investment:**

Investment transactions require the following additional items:

- Hazard insurance to have at least 6 months rent loss coverage.
- Appraisal to include investment forms 216/1007.
- Six months PITI reserves.

- Non-arm's length transactions not allowed.
- **6 months seasoning required for rate/term refinances**; 12 months for cash out refinances.

**Minimum Loan Amount:** \$30,000

**Multiple Property Ownership:**

On second home and investment transactions, borrowers may only own 4 financed properties including their primary residence.

**Net Tangible Benefit:**

All refinances must meet Primary Capital's net tangible benefit requirements. For requirements please go to our website: [www.pcmexpress.com](http://www.pcmexpress.com)

**Non-Occupant Co-Borrower:**

Non-occupant co-borrowers are not allowed.

**Non Arms Length Transactions:**

The following scenarios are considered non-arms length transactions and are not eligible for financing:

- Purchase transactions between family members.
- Purchase transactions between employer and employees.
- Applicants employed by family members.
- Loans for builders on properties they or their company have built.
- Renters buying from landlord.

**Payoff Statements:**

Current payoff statements will be required on all refinance transactions. The payoff statement must reflect that the loan is not more than 30 days delinquent, does not contain charges associated with default/forbearance and does not indicate evidence of a short pay.

**Power of Attorney:**

**Primary Capital does not allow loans to close under a Power of Attorney. \*Exceptions made for active military borrowers.**

**Private Mortgage Insurance:**

LTV	30 Year	15 Year
80.01-85%	12%	6%
85.01-90%	25%	12%
90.01-95%	30%	25%

Maximum DTI is 45% on all MI loans. All MI overlay requirements apply to underwriting loan file.

Lender paid mortgage insurance is available on transactions with credit scores 700 or higher with a debt to income ratio not to exceed 45%. Maximum LTV for an LPMI transaction is 95%.

The above MI percentages per LTV brackets are the required amounts regardless of automated findings.

95% LTV is allowed in non-declining markets as defined by RMIC and MGIC through the following links.

[www.mgic.com](http://www.mgic.com)

[www.rmic.com](http://www.rmic.com)

**Seller must be seasoned 90 days before closing.**

**Private Mortgage Insurers:**

MGIC, UG, RMIC, Radian, or PMI

**Property Type:**

Eligible properties include 1-4 unit properties, and PUDS. PUDs must be agency warrantable.

Ineligible properties include condos, manufactured housing, modular homes, log homes, unique properties, model homes, leaseholds and non warrantable condominiums.

**Qualifying Ratios:**

Maximum DTI, on all transactions, is 45%, regardless of findings.

**Real Estate Commission:**

Maximum 8%.

**Refinance Transactions:**

General Requirements for Refinance Transactions - When existing mortgage will be satisfied as result of a refinance transaction, one of the following requirements must be met:

- At least one borrower on the refinance mortgage was a borrower on the mortgage being refinanced.
- At least one borrower on the refinance mortgage held title to and resided in the mortgaged premises as a primary residence for at least 12 months and has either been making timely mortgage payments for the most recent 12 month period or can demonstrate a relationship (relative, domestic partner) with the current obligor.
- At least one borrower has recently inherited, or was legally awarded the property (divorce, separation, or dissolution of a domestic partnership).

**Limited Cash Out/Rate Term:**

- Pay off the existing 1<sup>st</sup> mortgage.
- Pay off any junior/subordinate lien used in their entirety to purchase the subject property.
- Draws on purchase money HELOC have NOT exceed greater of 2% or \$2000 of the line total in the past 12 months. Must document 12 month history of draws.
- Cash to borrower does not exceed 2% of the new mortgage or \$2000.

- If property was listed for sale within the last six months prior to the date of the application, it must be taken off the market prior to the application date. If the property was listed for sale at the time of or after the application date, it is not eligible for refinance.

#### **Cash Out:**

- The borrower is receiving any cash in hand that is greater than the lesser of \$2,000 or 2% of the loan amount.
- The borrower has an equity line where the draws have exceeded the greater of 2% of the line total or \$2,000 in the last 12 months.
- The borrower has obtained a subordinate mortgage that was not used to purchase the property.
- Any debt other than subject property liens is paid off from loan proceeds.
- If the most recent transaction on the subject property was a cash out transaction and it occurred within the last six months, the new mortgage must be treated as cash out even if the borrower is not receiving a cash out.
- If property was listed for sale within the last six months prior to the date of the loan application; 1. Must be take off market prior to the application date; and 2. The maximum LTV/TLTV/CLTV is the lower of 70% or the maximum for product/occupancy/property type. If the property is listed for sale at the time of or after application it is not eligible for refinance.

#### **Seasoning-Cash Out Refinances:**

- Primary residence = 6 months.
- Investment = 12 months.
- Second home = 6 months.
- \*Borrower(s) must be on title (recorded) for seasoning time required. Cannot be in the name of an LLC, business trust or corporation of any kind.

#### **Reserves:**

Primary residence over 80% LTV = 2 months PITI (see MI guides).

All Second home transactions = 2 months PITI.

All Investment transactions = 6 months PITI.

\*Reserves above required regardless of AUS findings.

\*See Asset section for calculations to determine value of assets being used for reserves (mutual funds, bonds, retirement accounts).

#### **Second Home Requirements:**

- Must be located a reasonable distance away from the borrower's principal residence.
- Must be occupied by the borrower for some portion of the year.
- Must not be rental property or timeshare arrangement.

- Must be located in typical 2<sup>nd</sup> home location (i.e., mountains, resort area, golf community, etc).

**Seller Contributions:**

Occupancy	LTV/CLTV	Maximum Contribution
Primary Residence	90.01-95%	3%
	75.01 - 90%	6%
	75% and below	9%
Second Home	75.01 – 80.00%	3%
	<b>75% and below</b>	6%
Investment	All LTV/CLTV	2%

**Subordinate Financing:**

Please refer to maximum LTV grid for CLTV requirement. PCM cannot provide second lien financing; however, an outside second from an institutional lender will be allowed. Seller-held seconds are not allowed.

**Subordination of 2<sup>nd</sup> mortgage lien:**

- Must provide current 2<sup>nd</sup> mortgage note.
- Executed subordination agreement required PTC.

**Temporary Buy downs:**

Temporary buy-downs are allowed on primary residence and second home purchase or rate/term refinance transactions.

A 2-1-0 and 1 year buy-down is available. All buy-down loans must meet the following criteria:

- Full Documentation only
- 95.00 LTV/CLTV maximum
- Interest only not allowed
- 38% DTI max, regardless of findings
- Primary residence qualified at buy-down rate
- Second Homes qualified at note rate

The 3-2-1-0 buy down is no longer available.

**Title:**

A full title commitment with a complete 24-month chain of title is required on all loans. Title cannot be held in the name of a trust or LLC, must be in borrower(s) names.

**Underwriting:**

All loans must receive LP accept or DU approval.

Freddie Mac- Caution/Eligible A minus offerings are not allowed on this program. DU expanded level approvals are not allowed on this program.