



Primary Capital™
Mortgage

PRODUCT:	DU Refi Plus
E3 CODES:	DU Refi Plus 30 Du Refi Plus 15

Primary Capital Mortgage guidelines have been created to provide direction and consistency in determining a credit decision. The intention of these guidelines is to describe the general underwriting philosophy of the company, however is not all inclusive of different situations that may arise from loan to loan. PCM strives to make solid underwriting decisions based on the quality of the loan, basing our underwriting decision on all aspects of the loan file (i.e. loan to value ratio, collateral value, credit history, assets, qualifying ratios, etc.). Although multiple risk factors are assessed, the underwriter will attempt to balance the evaluation between the borrower and the property & the borrower's ability to repay the loan provided.

PCM reserves the right to apply additional underwriting criteria depending on the overall risk of the loan file. Guides are subject to change without notice.

Eligible Transactions: Limited cash-out refinance on primary, secondary and investment residences of existing Fannie Mae owned loans delivered to Fannie Mae prior to March 1st, 2009.

Fannie Mae has a loan lookup tool at <http://loanlookup.fanniemae.com/loanlookup/> that enables borrowers to quickly determine if Fannie Mae owns the loan by providing a street address, unit, city, state and zip code.

**Additional
Documentation
Requirements:**

A copy of the original note and HUD-1 from the initial closing is required on all loans at time of submission. A copy of the pay off statement is also required.

A copy of the second mortgage note is required if subordinate financing exists.

Amortization: 30, 20 and 15 year principal and interest transactions are allowed.

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.

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.

*Appraisals are valid for 120 days. A re-cert of value will be required after 120 days & additional comps as determined by the underwriter.

All properties that are located in a zip code, designated by FEMA as a disaster area, will require a full 1004 interior/exterior appraisal regardless of DU/LP findings.

PCM will accept appraisal waivers.

Asset Documentation:

Determined by DU. VOD's are acceptable but must be accompanied by minimum 1 months complete bank statement or account history printout.

Borrower Eligibility:

The borrowers(s) on the existing mortgage must be identical to the borrower(s) on the new mortgage. An existing borrower may be removed provided:

- The remaining borrower(s) meets the mortgage payment history requirements and provides evidence that he or she has been making the payments on the existing mortgage from his or her own funds for the most recent 12 months prior to the application of the new mortgage. This 12 month payment history must be on the existing mortgage, and may not be satisfied using multiple consecutive first mortgages.
- The borrower being removed is also removed from the deed.
- If the borrower is being removed due to death, the 12 month payment history is not required, however the remaining borrower must provide evidence of the deceased borrower's death.

A new borrower may be added to the new loan, provided the existing borrower(s) is retained.

Borrower Benefit Requirement:

Borrower must be receiving a benefit in the form of either:

- A reduced monthly mortgage principal and interest payment, or
- A more stable mortgage product.

Cash out Refinance:

Not allowed.

Credit Requirements:

In addition to DU approval, all borrowers must meet the following criteria:

- 620 minimum credit score. 680 on second home and investor.
- No Mortgage lates in last 12 months.
- Bankruptcy: none in last 48 months
- Foreclosure: none in last 84 months

Loan Quality Initiative applies to loan applications taken on or after June 1st. PCM will pull soft credit report during the 24 hours prior to closing. If there is a significant change to balances or additional credit PCM will require new credit to include changes (rescore), loan re-run through AUS and re-evaluated by underwriting. This could affect pricing and/or approval. New inquiries will be addressed by the reviewer and require verification if new credit was obtained. This could also require new credit (rescore), re-run AUS to maintain approval.

Geographic Restrictions:

None. Program is available in all PCM approved states.

High Balance Conforming:

High Balance Conforming (Jumbo Conforming) are not eligible for this program. Maximum loan amount is \$417,000

Income Documentation:

In addition to DU income documentation requirements, PCM will obtain a signed 4506 on all borrowers for the most recent 2 years. PCM may require additional income documentation not required by DU findings. 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.

Verification of Employment:

PCM will obtain a verbal VOE on all borrowers within 72 hours of closing. For self employed borrowers, a third party verification of the business must be obtained within 30 days of closing. Verification may be from CPA, Regulatory Agency, or copy of current business license AND a verifiable phone listing and address for the business.

Maximum Loan Amount and LTV:

Rate Term Refinance		
1 Unit	\$417,000	105% LTV

On Second Home and Investment transactions the maximum LTV/CLTV is 105/110%.

Minimum Loan Amount: \$50,000

Max Cash Out: \$250.00

Mortgage Insurance Details:

Transactions with LTV exceeding 80%, mortgage insurance may or may not be required depending on current mortgage insurance coverage on the existing loan.

-If original loan being refinanced is 80% or under and new refinance transaction is over 80%, no MI will be required.

-If original loan being refinanced was 80.01% or over and had MI coverage, MI will be required for new refinance transaction. PCM will accept transfer of MI as long as current MI company approves transfer meets agency requirements for transfer of MI. Subject to MI restrictions (LTV, credit, etc).

Non-Occupant Co-Borrower:

Non-occupant co-borrowers are not allowed.

Power of Attorney:

PCM will allow POA's on all Owner Occupied transactions as well as all active Military borrowers. POA's must be approved by PCM underwriting prior to closing.

Property Type:

Eligible properties include 1-unit properties, and PUDS.

Ineligible properties include condos, manufactured housing, modular homes, 2-4 unit properties, log homes, unique properties.

*Properties listed for sale within the last six months prior to the date of 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.

Qualifying Ratios:

45% regardless of findings.

Reserves:

Determined by DU.

**Subordinate
Financing:**

Re-subordination of existing secondary financing will be allowed without maximum CLTV limit on primary residences and a maximum CLTV of 110% on second home and investment. New subordinate financing and pay off of existing subordinate financing with loan proceeds is not allowed. Payoff of existing subordinate liens from the borrower's own funds is allowed.

**Temporary
Buy-downs:**

Temporary buy-downs are not allowed.

Title:

A full title commitment with a complete 24-month chain of title is required on all loans. There is no seasoning requirement.

Underwriting:

All loans must receive approval through DU and receive Approve/Eligible.

DU code 147 is required in order to receive an accurate underwriting decision.