



**PRODUCT:**

**PCM HomePath**

HomePath30  
HomePath15  
HomePath5/1

Full Documentation					
Max LTV	Max CLTV	Score	Trans	Units	Max Amt
<b>Primary Residence</b>					
97	97	660	Purchase	1	\$417,000
80	80	620	Purchase	2	\$533,850
75	75	620	Purchase	3	\$645,300
75	75	620	Purchase	4	\$801,950
<b>Second Home</b>					
90	90	660	Purchase	1	\$417,000
<b>Investment</b>					
<b>90</b>	<b>90</b>	<b>700</b>	Purchase	1	\$417,000

The HomePath Program is a special financing program to provide financing for purchasers of Fannie Mae Real Estate Owned (REO) properties that Fannie Mae has deemed eligible for HomePath Mortgage Financing. PCM will not accept loans originated under the HomePath Renovation Program. **For more information and to see whether a property is eligible for the HomePath program, please follow the link below.**

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

**Amortization:**

Product is available as a 15, 20 or 30 year fixed rate loan or a 5/1 Arm. Adjustable rate loan is a 30 year only.  
\*An interest only option is not available on this program.

**ARM Specifics:**

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

**Appraisal Requirements:**

No appraisal is required. The LTV/CLTV will be calculated based on the sales price. **Important Note:** Primary Capital may not receive or review an appraisal for loans originated under this program. If an appraisal is included in the loan file, the loan will be declined under the *HomePath* program.

Fully executed "Notice to HomePath Property Buyers Regarding Appraisals" (form 10) must be received prior to closing and dated prior to the closing of the loan.

**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>DU 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 DU.

\*No late mortgage payments in the past 12 months allowed, regardless of DU findings.

**Credit Score:**

Please see above grid for credit score requirements. All borrowers must meet credit score requirements.

**Down Payment Requirements:**

LTV/CLTV from 80.01 -95%, the occupant borrower must provide 5% of purchase price as down payment (must be from borrower's own funds).

LTV/CLTV over 95% there is no minimum contribution requirement from the borrower's own funds. Eligible source of down payment would be gift funds from acceptable donors, grants from acceptable source, unsecured loan from acceptable source. All funds from gift must be documented with evidence of the transfer of the funds to the borrower prior to closing.

**General Eligibility:**Occupancy:

Primary  
Second Home  
Investment

Property Types:

Loans must be secured by properties designated as eligible for HomePath financing per Fannie Mae on the [www.homepath.com](http://www.homepath.com) website. Documentation must be provided with loan submission; this should include all of the following pages printed from HomePath website:

- the property address
- REO ID
- property value
- Bedroom count
- the HomePath mortgage logo.

Acceptable property types include: Single Family, 2-4 Unit, PUD, Condos. Condo projects do not need to be reviewed for eligibility, but do need to meet project insurance requirements.

Ineligible property types include: manufactured housing, modular homes, log homes, unique properties, model homes, Leaseholds & Re-Sale Deed Restrictions.

\*Fully executed "Notice to HomePath Property Buyers Regarding Appraisals" (form 10) must be received prior to closing and dated prior to the closing of the loan.

**Geographic Restrictions:**

Please visit [www.homepath.com](http://www.homepath.com) for any Geographic restrictions.

**Income and Asset Documentation:**

In addition to DU income/asset documentation requirements, PCM will obtain a 4506 on all borrowers (official transcripts from IRS). VOE's and VOD's are acceptable but all files require 30 days paystubs and two months bank statements.

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.

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

**Multiple Properties Ownership:**

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

**Non-Occupant Co-Borrower:**

Non-occupant co-borrowers are allowed.  
For loans with CLTV greater than 95%, all borrowers must occupy the property as their primary residence.  
For loans with LTV/CLTV less than or equal to 95%, follow standard parameters for non-occupant co-borrowers (see Fannie Mae seller guide).

**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.

**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:**

Mortgage insurance is not required regardless of LTV or DU recommendation.

**Qualifying Ratios:**

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

**Real Estate Commission:** Maximum 8%.

**Seller Contributions:**

Occupancy	LTV/CLTV	Maximum Contribution
Primary Residence	75.01 - 97%	6%
	75% and below	9%
Second Home	75.01% - 80.00%	6%
	75.00% - below	9%
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.

**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

- 90.00 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. **All HomePath transactions must have complete title.**

**Underwriting:**

DU findings with Approve/Eligible recommendations are required.  
DU expanded level approvals are not allowed on this program.