PLAZA HOME MORTGAGE, INC.

Freddie Mac Relief Refinance

Program Summary

The Freddie Mac Relief Refinance Mortgage[SM] – Open Access supports the Federal Making Home Affordable Program by helping borrowers who are making timely payments but have been unable to refinance due to declining home values. The mortgage being refinanced must:

- Be a first-lien, conventional mortgage currently owned or securitized by Freddie Mac.
- Have a Freddie Mac settlement date on or before May 31, 2009. **NOTE:** This requirement must be manually applied. The new refinance transaction must have a Note date on or before December 31, 2013.
- Be approved under this program by LP and have an "Accept" Risk Classification.
- Meet the Benefit to Borrower requirements outlined in these guidelines.
- Meet additional credit overlays outlined in these guidelines.

To determine if the mortgage is currently owned or securitized by Freddie Mac, the following website may be used: https://ww3.freddiemac.com/corporate/

Loan Term & Program Codes

Loan Term	Program Name	Program Code
15 Yr Fixed	LP Relief Refinance 15 Yr Fixed	CF150LPRR
20 Yr Fixed	LP Relief Refinance 20 Yr Fixed	CF200LPRR
25 Yr	LP Relief Refinance 25 Yr Fixed	CF250LPRR
30 Yr Fixed	LP Relief Refinance 30 Yr Fixed	CF300LPRR
30 Yr Fixed	LP Relief Refinance High Balance 30 Yr Fixed	CF300LPRRH

Borrower Benefit

The Relief Refinance Mortgage must result in at least one of the following benefits to the borrower:

- Reduction in the interest rate of the first-lien mortgage.
- A more stable loan product. (ARM to FIXED, interest only to fully amortized)
- Reduction in the amortization term of the first-lien mortgage. (30 year to 15 year)
- Reduction in the monthly principal and interest payment of the first-lien mortgage.

The Benefit to Borrower requirement must be determined by the underwriter. LP will not determine this. It is the underwriter's responsibility to ensure this requirement is met. Underwriters must complete a Net Tangible Benefit for all Relief Refinance loans.

PLAZA HOME MORTGAGE, INC.

Freddie Mac Relief Refinance

Standard Maximum LTV and CLTV

The maximum LTV/CLTV is determined by LP, however, the maximum LTV for the program is 105% and there is no limit to the CLTV with eligible existing subordinate financing that will be re-subordinated. New secondary financing is not allowed nor is the payoff of existing subordinate financing. See the Eligible Transactions and Secondary/Subordinate Financing sections of these guidelines for more information.

Rate/Term Refinance Primary Residence				
Property Type	**LTV**	**CLTV [1]**	**Min Credit Score**	**Maximum DTI**
1-4 Units	105%	Unlimited with existing re-subordinate financing only. [1]	620	Per LP
Second Home				
1	105%	Unlimited with existing re-subordinate financing only. [1]	620	Per LP
Investment Property				
1-4 Units	105%	Unlimited with existing re-subordinate financing only. [1]	620	Per LP

[1] The unlimited CLTV only applies to eligible existing subordinate financing that will re-subordinate to the new first lien. See the Secondary/Subordinate Financing section within these guidelines for requirements.

Program Requirements

Rate/Term Refinance: The proceeds of the Relief Refinance Mortgage must be used only to:

- Pay off the unpaid principal balance of the first mortgage (do not include interest or demand fees)
- Pay costs that can be financed*:
  - The lesser of 4% of the **current unpaid principal balance**,

  or
  - $5,000 in related closing costs, financing costs and prepaids/escrows.
- Pay off the accrued interest from the loan being paid off, through the disbursement date on the HUD-1.

Maximum Loan Amount Calculation: Take the unpaid principal balance per the payoff demand, add the lesser of 4% or $5,000 and then add the accrued interest through disbursement date on the HUD-1.
NOTE: Interest that is included past the disbursement date on the HUD-1 will be viewed as cash back to the borrower. Keep this in mind so the $250 tolerance is not exceeded. See Maximum Cash Out for restrictions.

*Costs that are eligible to be financed include: closing costs, financing costs, prepaids and escrows. NOTE: Freddie Mac does not allow demand fees from the payoff statement to be included in the new loan amount. Fees such as statement delivery fees, fax fees, recording fees & reconveyance fees are strictly prohibited from being financed into the new loan amount. These fees must be paid for by the borrower.

Freddie Mac Relief Refinance

Occupancy

Owner -occupied Primary Residence, Second Homes and Investment Properties.
Note: The new refinance transaction is not required to represent the same occupancy as the existing loan.
Example: It is acceptable if the existing loan was an owner occupied transaction but the subject transaction is now a second home or non-owner.

Investment Properties Requirements

1. A comparable rent schedule, Form 1007, must be obtained on all investment properties to document the monthly rent on the subject property regardless if the rental income was used in qualification.
2. All 1-4 unit properties require an Operating Income Statement on Form 216 or a similar cash flow and operating income statement is required. This includes 2-4 unit properties in which the borrower will occupy one unit as a principal residence. The Operating Income Statement is required regardless of whether the rental income is used in qualification.
3. Rent loss insurance is required if the subject property is an investment property and the rental income is used in qualification. This includes owner occupied 2-4 units.

Documentation Type

Full documentation only. See Income and Employment for specific Plaza requirements.

Conforming Loan Limits

Property Type	Continental U.S.	Alaska & Hawaii
One Unit	$417,000	$625,500
Two Unit	$533,850	$800,775
Three Unit	$645,300	$967,950
Four Unit	$801,950	*$1,000,000

* The maximum loan amount for the Relief Refinance program is $1million, regardless of the MSA.

PLAZA HOME MORTGAGE, INC.

Freddie Mac Relief Refinance

High Balance Loan Limits – CF300LPRRH

The Housing and Economic Recovery Act (HERA) established "temporary" high-cost area loan limits for conventional loans based on the standard conforming limit or 155% of the area median home price, not to exceed 150% of the standard limit, which, as an example is $729,750 for one unit homes in the continental U.S. For loans funded on or before September 30, 2011, the "temporary" high-cost loan limits will apply. Loans originated on or after October 1, 2011, will use the "permanent" high-cost area loan limits established by FHFA under a formula of 115% of the 2010 median home price, up to a maximum of $625,500 for a 1 unit property in the continental U.S. The maximum limits for 2-4 units and properties located in Hawaii, where applicable, may be higher.

The following states have specific counties that are eligible for the High Balance program. Refer to the FHFA website below for specific county limitations; however note that the Freddie Relief Refi program is eligible up to a maximum loan amount of $1,000,000 regardless of the MSA limit:

- California
- Colorado
- Connecticut
- D.C.
- Florida
- Georgia
- Hawaii
- Idaho
- Maryland
- Massachusetts
- Nevada
- New Hampshire
- New Jersey
- New Mexico
- New York
- North Carolina
- Ohio
- Oregon
- Pennsylvania
- Rhode Island
- Utah
- Virginia
- Washington
- Wyoming

Refer to the Geographic Restrictions section for State specific requirements.

1-4 unit properties are eligible under the High Balance program up to 105% LTV. The following table provides the maximum loan limit by property type. For county specific loan amounts, refer to the following link: http://www.fhfa.gov/webfiles/22760/FullCountyLoanLimitList2012_HERA-BASED_FINAL_Z.xls

High Balance - Maximum Loan Limits			
Units	Continental U.S.	Hawaii	Alaska
	Max High Balance	Max High Balance	High Balance
1	$625,500	$721,050	N/A. Conforming balance only.
2	$800,775	$923,050	N/A. Conforming balance only.
3	$967,950	* $1,000,000	N/A. Conforming balance only.
4	* $1,000,000	* $1,000,000	N/A. Conforming balance only.

* The maximum loan amount for the Relief Refinance program is $1,000,000 regardless of the MSA.

Freddie Mac Relief Refinance

Maximum Cash Out

The Freddie Mac Relief Refi program is for the purpose of refinancing the existing unpaid principal balance and is not intended to give cash out to the borrower. Loan closing documents should be prepared showing no cash back to the borrower. Freddie Mac will allow the borrower to receive a maximum of $250 cash back from the transaction, however, this is intended to provide operational efficiencies to account for differences in payoff amounts or closing cost items and is not intended to be added to the transaction with the sole purpose of providing cash to the borrower. NOTE: If the payoff demand for the existing mortgage has interest calculated past the disbursement date on the HUD-1, excess interest should be backed out of the payoff amount accordingly. Excess payoff funds will be reimbursed to the borrower and will be counted as cash back from the transaction.

If the amount of cash back exceeds $250, the loan amount must be reduced. Principal curtailments are typically not allowed except as described below:

Principal Curtailment Exception: In the event there are remaining proceeds from the Relief Refinance Mortgage, the mortgage amount must be reduced, or, the excess amount must be applied as a principal curtailment to the new refinance mortgage at closing and must be clearly reflected on the HUD-1.

For properties located in Texas, the borrower may not receive ANY cash out.

Eligible Properties

Attached/Detached SFRs	Low-Rise/High-Rise Condos[1,2,3,4]
Attached /Detached PUDs	2-4 Units[7]
Properties that have been listed for sale are acceptable as long as the property was taken off of the market before the application date.	

[1] The underwriter must validate that the project meets Freddie Mac eligibility requirements and Plaza's Condo requirements. Underwriters to complete the Conventional Condo Warranty Form.

[2] Eligible Project Warranties

- Limited Review ("Streamline")
- Lender Full Delegated Review
- CPM Expedited Review
- PERS approval

[3] Florida Condos: For Mortgages secured by attached Established Condos in Florida, the following restrictions apply:

- The LTV/CLTV is limited to 75% for primary residences.
- The LTV/CLTV is limited to 70% for second homes
- Investment properties are not eligible.

[4] Projects located in California may require Earthquake insurance. Obtain the zip code for the property and call 1-800-FREDDIE to determine.

PLAZA HOME MORTGAGE, INC.

Freddie Mac Relief Refinance

Unpermitted Room Additions, Garage or Porch Conversions

Single Family Properties with unpermitted room additions are acceptable as described below.
All of the following must apply:

- The appraiser must comment that the addition or conversion was completed in a workmanlike manner and that there is not any impairment to the soundness, structural integrity or livability of the property.
- The room addition must conform to the rest of the property.
- The addition or garage conversion cannot cause the subject property to be in violation of zoning. The appraisal must indicate that the zoning is legal and may not include any comments that the zoning of the property has been jeopardized.
- The square footage of the addition may be included in the appraised value. A garage or porch conversion may be appraised as originally intended or as currently used, depending on the comparable sales. Example: If garage conversions are typical for the area as evidenced by comps, the conversion may be appraised as it is currently used. If garage conversions are not typical for the area the conversion should be appraised as a garage.
- The hazard insurance policy must clearly show that the entire square footage of the subject property, including the unpermitted addition, is included in the policy.
  Room Addition Example: If the property was a 3 bedroom property and another bedroom has been added and the property is being appraised as a 4 bedroom property, the hazard insurance policy must clearly insure the total square footage of all living space, including the addition.
  Garage Conversion Examples: If the property is being appraised with the garage conversion being valued as a bedroom, the hazard insurance policy must clearly insure the total square footage of all living space.
  If the garage conversion is being valued as a garage, then the hazard insurance policy need only insure the area as a garage.
  NOTE: The hazard insurance policy does not need to indicate that there is an unpermitted addition or garage conversion, but the square footage that we are lending on must be covered by the policy.

  NOTES FOR GARAGE CONVERSIONS:
  Zoning: Local ordinances and/or municipality requirements may obligate a property to have covered garage storage. This is more common in PUDs and gated communities. It is the responsibility of the appraiser to check for this type of requirement; however, it is the underwriter's responsibility to thoroughly review the appraisal to ensure the property's zoning is compliant.

Ineligible Scenarios

The following scenarios are not eligible under any circumstance:

- Room additions are not eligible on 2-4 unit properties. All properties must be single family properties and the addition may not result in the property converting to a multi-unit property, etc.
- Additions that result in extra living units, also known as accessory units or granny flats, etc. are not eligible.

Freddie Mac Relief Refinance

Ineligible Properties

Cooperatives	Manufactured Housing	Geodesic Dome Homes
Condotels	Mobile Homes	Geothermal Homes
Log Homes	Commercial Properties	Mixed Use
Working Farms, Ranches, Orchards	Non-warrantable Condos	Timeshares

Geographic Restrictions

State or geographic restrictions are identified here, however at this time Plaza may not be lending in all states listed. Eligibility is limited to the states where Plaza branches are currently authorized to lend.

Florida: For Mortgages secured by attached Established Condos in Florida, the following restrictions apply:

- The LTV/CLTV is limited to 75% for primary residences.
- The LTV/CLTV is limited to 70% for second homes
- Investment properties are not eligible.

Refer to the Eligible Properties section to determine eligible project warranties.

Hawaii: Properties in Lava Flow Zones 1 or 2 are not allowed.

Kansas: Properties located in the State of Kansas require the tax assessor's statement of value or AVM to establish value. If the loan amount, including the funding fee, exceeds the tax assessor's statement of value or AVM value, provide written notice to the consumer regarding High LTV mortgages and the availability of credit counseling. Plaza form KS-1070 is required to be delivered to the borrower at least 3 days prior to closing and will be included in the Plaza initial disclosures and closing documents.

Mississippi: Not eligible

Montana: Lot size of the property may not exceed 40 acres.

Texas:

- If the subject transaction is considered a Texas Section 50(a)(6) loan, the loan is not eligible for the Relief Refinance program.
- For non-Section 50(a)(6) transactions, the borrower may not receive ANY cash back from the transaction.
- **Texas 2nd home and Investment Properties:** A signed copy of the borrower's most recently filed tax returns must be provided to evidence that the subject property has been a 2nd or investment property for at least 12 months. It must be confirmed through the title company that the subject property is not considered the borrower's homestead and the borrower must submit an affidavit that the property is not their homestead.
- All loans must be processed through the DFW office.

West Virginia: Not eligible.

Freddie Mac Relief Refinance

Eligible Applicants

Addition of a Borrower:

- The addition of a borrower is permitted provided that at least one borrower from the mortgage being refinanced is retained.
- A non-occupying co-borrower may not be added to a mortgage secured by a primary residence.

Removal of a borrower

- The removal of a borrower from the Note is permitted regardless of the reason if the following are met:
  - The borrower being removed from the Note must also be removed from the deed and not retain any ownership interest in the subject property.
  - At least one existing borrower from the Mortgage being refinanced must be retained on the new loan.

U.S. citizens

Permanent resident aliens:

- Must provide Alien Registration Card if borrower is not living in the U.S.

Non-permanent resident aliens:

- Must be a legal resident of the U.S. as evidenced by social security number.
- Borrower must be employed in the U.S.
- Tax Identification Number (TIN) is not acceptable.

Ineligible Applicants

- Foreign Nationals
- Partnerships
- Corporations
- Non-Occupant Co-Borrowers: Non-occupant co-borrowers may not be added to the new loan; however, if the borrower was on the existing loan then they must be on the new loan. The non-occupying co-borrower must be entered correctly into LP.

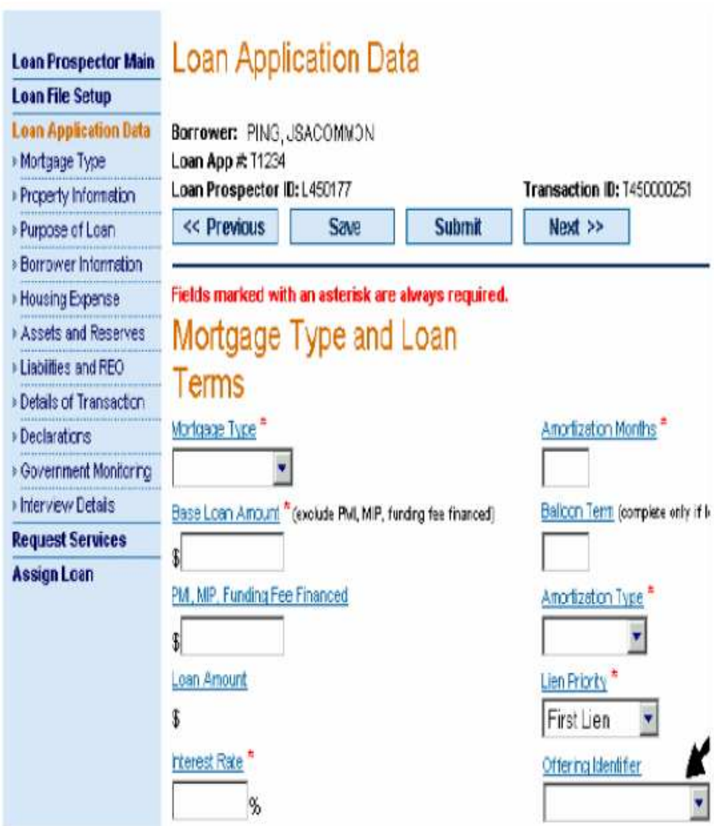
Freddie Mac Relief Refinance

Automated Underwriting System (AUS)

All Relief Refi loans must be submitted to LP and receive a Risk Classification of "Accept." Classifications of A-Minus or Caution are not eligible. Manual Underwriting is also not allowed. All loans must be correctly entered into LP in order to receive appropriate findings. Refer to the instructions starting below through page 11.

How to Enter a Relief Refi Loan into LP

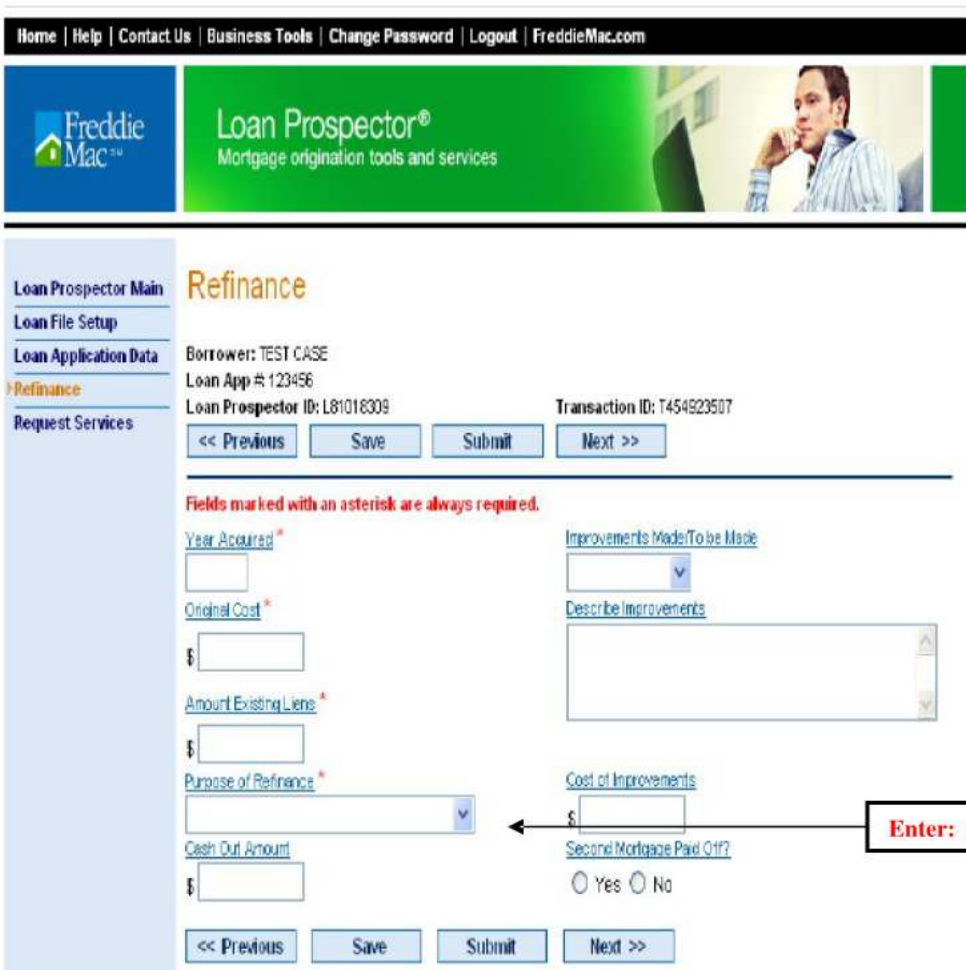
1. Under the Loan Application Data, Mortgage Type and Loan Terms, there is a field for the Offering Identifier. Select (310) for "Relief Refinance – Open Access."



Enter: Relief Refinance – Open Access

How to Enter a Relief Refi Loan into LP, Continued

2. Under the Refinance section for Purpose of Refinance, select "No Cash-Out Refi."



Enter: No Cash-Out

PLAZA HOME MORTGAGE, INC.

Freddie Mac Relief Refinance

LP Feedback

The LP certificate will provide important data relating to the loan being refinanced.

1. The Freddie Mac loan number will be provided. The underwriter must enter this loan number into DataTrac UND 3. Go to the FHA Info tab and enter the loan number into the field "Existing Lien Case #."

2. Mortgage Insurance:

For wholesale transactions with LTV ratios exceeding 80% and up to 105%, mortgage insurance may or may not be required depending on whether there is existing mortgage insurance coverage on the existing loan. New refinance transactions with an LTV ratio less than or equal to 80% do not require mortgage insurance.

LP will provide feedback for whether mortgage insurance is or is not required.

When Mortgage Insurance is required:

- LP will provide the level of mortgage insurance coverage currently in force. This amount of coverage is the minimum amount of coverage required for the refinance transaction. If the mortgage insurance is from a Plaza approved MI Company, the existing MI policy may be transferred to Plaza subject to the mortgage insurance company's approval and the guidelines below. Note that additional secondary pricing adjustments will apply.
- Alternatively, a new mortgage insurance policy may be obtained subject to standard agency LTV restrictions (max 95-97% LTV/CLTV) from a Plaza approved MI company as long as the minimum coverage requirement is met. When ordering a new MI cert, the MI coverage can exceed the existing MI coverage amount but may never be lower.

No Mortgage Insurance:

The LP cert will provide information relating to any outstanding mortgage insurance on the existing loan. If there is no MI information returned in the feedback, the underwriter proceeds assuming there is no MI present on the existing file.

Cancelled Mortgage Insurance:
If the LP feedback indicates there is existing MI however, the borrower states that the MI has been cancelled, a statement from either the current servicer or the Mortgage Insurance company is required. The statement must clearly identify that the MI was cancelled due to the LTV dropping below threshold. MI can be cancelled for various reasons, including non-payment reasons. The underwriter should handwrite a note on the LP cert in the Mortgage Insurance section that the MI has been cancelled and to refer to additional documentation in the loan file.

Plaza Approved Mortgage Insurance Companies:
The Mortgage Insurance companies that have been approved for modified/transferred Mortgage Insurance in accordance with HARP guidance up to 105% LTV and unlimited CLTV are as follows:

- Radian
- MGIC
- Genworth
- PMI
- RMIC

PLAZA HOME MORTGAGE, INC.

Freddie Mac Relief Refinance

Eligible Mortgage Insurance (MI) types

- **Borrower-paid**
  - Monthly
  - Split
  - Single paid cash (non-refundable)
  - Single paid financed
- **Lender-paid**
  - Single lender paid MI only. (non-refundable only)

Ineligible Mortgage Insurance Types:

- Monthly lender-paid
- Annual lender-paid
- Annual borrower-paid
- Refundable single premiums

Note:
The eligible mortgage insurance types listed above are approved by Freddie Mac. It is up to the mortgage insurance company to approve the transfer of MI to Plaza Home Mortgage.

Certain mortgage insurance companies will allow a monthly lender-paid policy to be transferred to a monthly borrower-paid policy. Freddie Mac will allow this as long as the MI coverage amount remains the same.

Requesting MI Approval:
Plaza will be the New Servicer and this will need to be specified to the MI Company. It is recommended that the modified/transferred MI is requested to the MI Company early in the loan process to ensure MI approval.

How to Request Transferred MI:
Each mortgage insurance company has a different process for handling transferred MI. Please refer to HARP MI-to-MI Procedures document for specific requirements. NOTE: It is recommended to order the transfer of MI online when applicable as these applications are given priority.

Important:
The MI Company must be updated with the final loan details of the refinance transaction prior to closing in order to complete a valid transfer of the MI. Example: If the loan amount or LTV change after the MI Company has issued approval of the transfer, the new information must be submitted to the MI Company for re-approval. The final MI cert in the file must match the terms of the new loan exactly (i.e., loan amount, interest rate).

If the MI Company is not provided with the final loan details, the MI transfer is invalid.

The MI Company will review the updates and if approved, the MI Company will re-issue a transfer approval with the final loan details. The final MI transfer approval document must be retained in the loan file as proof of MI.

Reminder:
The MI Company needs to be notified within 30 days of the HARP loan closing date for the MI to be modified and coverage to remain in effect.

PLAZA HOME MORTGAGE, INC.

Freddie Mac Relief Refinance

Regardless of LP Approval, the following scenarios have specific requirements:

- **Benefit to the Borrower:** All Relief Refi loans must provide a benefit to the borrower in the form of at least one of the following:
  - Reduction in the interest rate of the first-lien mortgage.
  - A more stable loan product. (ARM to FIXED, interest only to fully amortized)
  - Reduction in the amortization term of the first-lien mortgage.
  - Reduction in the monthly principal and interest payment of the first-lien mortgage.
  - **A Net Tangible Benefit form must be completed on all Relief Refi loans.**
- **Maximum Loan Amount:** The maximum loan amount, regardless of unit count or MSA, is $1,000,000.
- **Minimum Credit Score:** A minimum credit score of 620 is required for all borrowers.
- **Maximum CLTV/HCLTV:** For loan applications dated December 1, 2011 and after, if the LTV is 80% or less, the maximum CLTV/HCLTV is 105%. This guideline will not be updated in LP until March 2012 and must be applied manually.
- **Income & Employment:** Refer to Income & Employment for Plaza requirements.
- **Properties Listed for Sale:** The property must have been taken off of the market prior to the application date. The borrower must sign an affidavit confirming occupancy, and that the home was not listed at time of application and is not listed at the time of funding. Underwriter to add condition #51 in DataTrac.
- **Maximum Cash Back to Borrower:** This is a rate/term refinance program and is not intended to give borrowers cash out of the transactions. See Maximum Cash Out for more information
- **Mortgage Insurance:** Refer to the Mortgage Insurance section on the previous page under LP Feedback.
- **Subordinate Financing:** New subordinate financing is not allowed and pay-off of existing subordinate financing is not allowed. All existing subordinate financing must be re-subordinated and in these cases, there is no CLTV limit. See the Secondary/Subordinate Financing section for all details.
- **Condo Warranty:** The underwriter must validate that the project meets Freddie Mac eligibility requirements and Plaza's Condo requirements per Plaza's Underwriting Standards. Underwriters to complete the Conventional Condo Warranty Form.
  NOTE: Condo Hotels are ineligible. Refer to the Eligible Properties section for additional condo requirements and to Geographic Restrictions for Condos in Florida.
- **Deeds-in-lieu or Foreclosure and Short Sales:** For loans with deed-in-lieu or short sales, refer to the Bankruptcy and Foreclosure Seasoning section for requirements.

LP Error Codes

Error 63: If Error 63 is received on the LP certificate, this typically indicates that there is a discrepancy in the subject property's address. If a copy of the borrower's current mortgage statement is available, check the address on the statement against the address entered into LP.

You may also contact 1-800-FREDDIE and they can assist you with determining the correct address to enter into LP in order to receive accurate Relief Refi-Open Access results.

Note: Often times, Error 63 results will prevent the current Freddie Mac loan number from being provided on the LP certificate. The Freddie Mac loan number must be entered into DataTrac prior to closing as described in the LP Feedback section. If you are unable to determine the Freddie Mac loan number, please call 1-800-FREDDIE and they can assist you with obtaining this information.

Error 64: If Error 64 is received on the LP certificate, this is an indication that the loan is not eligible to be refinanced. Error 64 will typically mean one of two things:

1. The original loan was done with a credit variance by the original lender, or,
2. The original loan was sold to Freddie with pool insurance instead of an individual MI policy.

Freddie Mac Relief Refinance

Credit Requirements

Minimum Credit Score

The lowest qualifying score of all applicants is used to qualify and each borrower must have at least two credit scores. The qualifying score is the lower of 2 or the middle of 3 scores and must be reviewed for each borrower. The minimum credit score for all borrowers is **620**.

Mortgage History

A mortgage payment history of 0x30 for the past 12 months is required. Any delinquencies in the last 24 months are subject to Plaza underwriter review and approval and may require additional documentation.

Bankruptcy and Foreclosure Seasoning

Bankruptcy and Foreclosure Seasoning will be determined by LP. For deeds-in-lieu of foreclosure and short sales, the following seasoning requirements apply:

Extenuating Circumstances:

A minimum of 24 months from the execution date or completion date of the deed-in-lieu or short sale.

Financial Mismanagement:

A minimum of 48 months from the execution date or completion date of the deed-in-lieu or short sale.

Documenting Extenuating Circumstances

Required Documentation - In all cases, the loan must be documented with the following:

- A statement from the borrower regarding the circumstance and that it is not ongoing.
- Supporting documentation such as a divorce decree, medical reports, etc.
- Supporting documentation indicating that all debts are paid.

Established Credit – In all cases, the following requirements apply:

- A minimum of 4 traditional tradelines are required, three of which must have been active in the last 24 months and all accounts must be current as of the date of application.
- No late housing payments since the date of discharge.
- No more than (2) 30 day late installment or revolving payments in the last 24 months and no 60 day late payments on installment or revolving accounts since the discharge date.
- No new public records since the discharge date.
- Evidence that the borrower's credit history does not contain multiple revolving accounts with high balances to limit or high overall utilization of revolving credit.

Freddie Mac Relief Refinance

Adverse Credit and Payoff of Adverse Credit

Any outstanding judgments and/or tax liens, as well as any other derogatory items appearing in the title policy (delinquent taxes, tax liens, mechanics' liens and collections) must be paid/released to the satisfaction of the title company. **NOTE: For LP Relief Refi loans, it is not acceptable to payoff any liens on the property other than the 1st lien with funds from the new loan. The borrower's own funds must be used to payoff any other liens on title.**

In certain cases, collection and charge-off accounts will be reflected in amounts that have no material effect on the priority of the lien; therefore, collection or charge-off accounts do not have to be paid off at or before closing if they meet the following guidelines:

Occupancy and/or Property Type	Max Allowable Amount to be Left Unpaid
1-4 units owner occupied and 1 unit second homes	$5,000 per individual item or in aggregate.
Investment properties	$250 per individual account or $1,000 aggregate

Disputed Accounts

LP Accept: Loans with disputed accounts may remain open up to a maximum of $500 with a written explanation from the borrower and supporting documentation.

PLAZA HOME MORTGAGE, INC.

Freddie Mac Relief Refinance

Income & Employment

LP will offer reduced employment documentation requirements on all eligible loan. In addition to the documentation requirements as part of the LP feedback, the following is required:

Salaried Borrowers:
- The most recent W2 and paystubs that cover the most recent 30 day period.
- A Verbal VOE within 5 days of funding that confirms a 2 year history.
- Executed IRS 4506-T with transcripts ordered prior to docs. Returned transcripts must be reviewed and approved prior to closing/funding.
- A signed 1003 complete with a 2 year employment history.

Self Employed Borrowers:
- The most recent year's federal income tax returns.
- Executed IRS 4506-T with transcripts ordered prior to docs. Returned transcripts must be reviewed and approved prior to closing/funding.

Non-Wage Earner/Passive Income Requirements:
If the borrower's income is from sources such as retirement, social security, disability, child support or alimony, the file must be documented with evidence of receipt and proof of continuance for a minimum of 3 years.
- Child support/alimony income must be supported by a copy of the divorce decree, separation agreement or court order AND copies of the court records, bank statements or canceled checks evidencing a minimum of 3 months receipt of payments and 3 years continuance.
- Executed IRS 4506-T with transcripts ordered prior to docs. Returned transcripts must be reviewed and approved prior to closing/funding.

Rental Income:
Regardless of if the rental income is needed to qualify, the following requirements apply:

1. If the property has been owned for one or more complete tax years, net cash flow must be calculated by using Schedule E from the 1040s. For properties owned less than one complete tax year, net cash flow must be based on 75% of actual rent established by copies of signed current annual lease agreements.
2. A comparable rent schedule, Form 1007, must be obtained on all investment properties to document the monthly rent on the subject property regardless if the rental income was used in qualification.
3. All 1-4 unit properties require an Operating Income Statement on Form 216 or a similar cash flow and operating income statement is required regardless of whether the rental income is used in qualification.

If there is an existing rental agreement or lease on the subject property, verify that it does not contain any provisions that could affect our first lien position. Review the lease to determine if it is subordinated to the new first mortgage. If it will not be subordinated to the new mortgage, ensure that any tenant's rights to the property have been formally waived by the tenant.

Rent Loss Insurance: Rent loss insurance must be obtained when rental income is used in qualification. Rent loss insurance covers rent losses incurred following a casualty for a minimum of six month during the rehabilitation of the property. AUS may not condition for this, however it is always required when rental income on the subject property is used in qualifying the borrower. Rent loss insurance is not required when rental income from properties other than the subject property is used in qualifying.

PLAZA HOME MORTGAGE, INC.

Freddie Mac Relief Refinance

Rental Income

Rental income may be used in qualifying the borrower. The documentation that is used to support the borrower's continued receipt of rental income and the calculation of such income depends on whether the rental income is received in connection with the subject property or in connection with other properties the borrower owns.

Refer to Plaza's Underwriting Standards for specific guidance on what documentation is required. The table below is abbreviated:

Topic	Subject Property: 2-4 unit Primary Residence	Subject Property: 1-4 unit Investment Property	Property other than subject property
When rental income is needed to qualify	Provide the prior year federal tax returns, or if the property has been owned less than one year, provide an Operating Income Statement and copies of the present lease.		Complete federal tax returns with all schedules for the most recent year, or if the property has been owned less than one year and rental income is not reported on the tax return, use signed lease agreements.
Operating Income Statement	Required	Required	Not Required
Most recent tax returns	If borrowers owned rental property during the previous tax years, provide complete federal income tax returns for two years to determine the net rental income or loss for qualifying.		
Appraisal	The income approach on the appraisal must substantiate the rental income used for qualifying.		Not applicable.
Signed Lease	Leases, by themselves, may not be used for documenting stable monthly income for qualifying purposes.		May be used to document stable monthly income if the borrower did not own the property in the previous tax year.
Reserves – 6 months PITIA	Required if rental income is used in qualifying the borrower.	Required, regardless of whether rental income is used to qualify the borrower.	Not required.
Rent Loss Insurance	Proof of rent loss insurance covering at least 6 months of gross monthly rent is required if using rental income to qualify.		Not required.
Experiencing Managing Investment Properties	Not required.	The borrower must demonstrate at least a two year history of managing 1-4 unit investment properties if using rental income to qualify.	Not required.

Notes:

- Refer to Plaza Underwriting Standards for detailed income qualifying requirements.
- A comparable rent schedule, Form 1007, must be obtained on all investment properties to document the monthly rent on the subject property regardless if the rental income is used in qualification.

IRS Form 4506-T

Processed 4506-T transcripts must be reviewed and approved prior to the loan closing/funding on every loan. See the Plaza Underwriting Standards for specific requirements when borrowers have filed extensions.

Qualifying the Borrower and Payment Shock

Fixed Rate Loans: Borrower must qualify based on the Note Rate.

Installment Debt: Payments on all installment debts with more than 10 months of remaining payments must be included in the DTI.

Auto Lease: The payment must be included in the DTI regardless of the remaining number of payments.

Alimony, Child Support or Maintenance Payments: When there are more than 10 months remaining, the payment must be included.

Revolving Debt: The monthly payment per the credit report must be included in the DTI calculation regardless of the account balance. If a payment is not provided, use 5% of the outstanding balance.

Deferred Student Loans: The payment amount that will be required once the deferment or forbearance period has ended must be used to qualify the borrower. If the credit report does not provide a monthly payment, the file must contain a copy of the borrower's payment letter or forbearance agreement to determine the payment amount to use in calculating the borrower's total DTI.

401(k) Loans: Loans secured by 401(k) accounts, certificates of deposit, savings accounts, stocks, bonds, life insurance policies and other assets with a monetary value easily converted to cash are not required to be included in the DTI.

Paying off Debt: Installment accounts may be paid off to qualify. Revolving debt may be paid off; however unless the account will be paid off and closed, a monthly payment must be included for qualifying. Use the payment per the credit report, or the greater of $10 or 5% of the outstanding balance if the credit report does not provide a payment.
For purchase or limited cash-out refinance transactions, the underwriter must manually reduce the borrower's liquid assets in the AUS by the amount being applied to the account and resubmit to the AUS.

Co-signed Obligations: Co-signed obligations can be excluded from recurring monthly expenses if the following can be provided: 1) 12 months canceled checks that show payments have been made by another party. If the account is less than 12 months old, the full payment must be used in calculating the DTI. 2) There may be no delinquencies reported within the most recent 12 months.

HELOCs: Monthly interest only payment is based on the current balance and is included in the borrower's monthly housing obligations. If the line has a zero balance, no payment is used in qualifying the borrower.

Rent Loss Insurance: Required if the subject property is an investment property and the rental income is used in qualification. This includes owner occupied 2-4 units.

Payment Shock: Transactions resulting in significant payment shock should always be considered by underwriting. If the borrower's mortgage payments will more than double, the underwriter must clearly document how the borrowers will be able to make the higher payments. It is always at the underwriter's discretion to require additional verification of assets or a larger down payment as a compensating factor for a loan with high payment shock.

Cash Reserves

All monies that were entered into LP, including assets for closing, must be documented and verified with bank statements to support.

Secondary/Subordinate Financing

- New subordinate financing is not allowed.
- Pay-off of existing subordinate financing is not allowed.
- Resubordination of eligible existing subordinate financing is allowed with no CLTV limits subject to the requirements below.
- All mortgages are subject to a 0 x 30 mortgage payment history for the last 12 months.

Eligible Existing Subordinate Financing Requirements

Existing Subordinate Financing that is re-subordinating is acceptable providing it meets the requirements below as evidenced by a copy of the 2nd lien note:

- The 2nd lien must be recorded and clearly subordinate to the first mortgage lien.
- For financing other than HELOCs, the maturity date or amortization basis of the 2nd lien must not be less than five years after the Note Date of the 1st lien unless the 2nd lien is fully amortizing.
- The subordinate mortgage must provide for regular monthly payments sufficient to meet the interest due; interest may not accrue.
- Subordinate mortgages with negative amortization are not allowed.
- The subordinate mortgage may not have wraparound terms combining the indebtedness of the first mortgage with the subordinate mortgage.
- If the loan has a variable rate, the monthly payment must remain constant for each 12 month period over the term of the loan.
- If the 2nd lien is an Employer Assisted Homeownership (EAH) Benefit, the terms of the secondary financing must permit the borrower to continue making payment on the loan in the event the borrower no longer works for the employer and may not require repayment in full unless:
  - The borrower terminates their employment for any reason, or
  - The employer terminates the borrower's employment for any reason other than long-term disability, the elimination of the employee's position or reduction-in-force.

Secondary/Subordinate Financing, Continued

The CLTV Ratio: The combined loan-to-value ratio is determined by dividing the sum of the unpaid principal balance of the first mortgage and the unpaid principal balance of all subordinate mortgages by the lesser of the sale price or appraised value. For HELOCs, including a frozen HELOC, use the maximum line amount to calculate the CLTV ratio. The full original recorded line amount must be used to determine the LTV/CLTV eligibility unless a modification/re-subordination agreement is recorded prior to or concurrently with the subject transaction. The following is required:

- A copy of the line holder notification/modification and confirmation of the recorded line reduction is required, and,
- Lien must be re-subordinated.

NOTE: All conventional loans with subordinating HELOCs are qualified and priced at the full line amount regardless of the draw amount. The CLTV and HCLTV are considered the same in these situations.

LTV of 80% or less are subject to a maximum CLTV/HCLTV of 105%.

Appraisal

A new full interior/exterior appraisal is required within 120 days of the Note, unless LP provides acceptable Home Value Explorer (HVE) findings.

Acceptable HVE Results:

- For 1-2 units (attached or detached), including condos and PUDs
- A Forecast Standard Deviation (FSD) no greater than 0.20
- A Confidence Score of "M" (medium) or "H" (high)

Note:
HVE Value must match the estimated value on the LP findings certificate. Refer to Plaza's Appraisal Policy for more details on HVE.

High Balance Field Review Requirement

For all Relief Refinance transactions qualifying under the High Balance option, a field review is required when BOTH of the following apply:

When the LTV or CLTV exceeds 75% **AND** the value of the property is > $1 Million, a field review is required. The lower of the appraised value or field review value must be used to calculate the LTV/CLTV.

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Maximum Financed Properties

The maximum number of financed 1-4 unit properties, including the subject property and including the borrower's primary residence, regardless of the lending source is limited as outlined below. These guidelines apply regardless of AUS results.

Example: If the subject transaction is a second home, the borrower may have a total of 4 financed properties: The subject property would count as the first, their primary residence would count as the second and there may be an additional two financed investment properties for a total of four.

Primary Residence	Second Homes	Investment Properties
No Restrictions	4 (including primary) [1]	4 (including primary) [1]

1. The borrower may not be affiliated with the builder, developer or seller of the subject property.

Maximum Loans/Maximum Exposure

A maximum of 4 Plaza loans or $1,500,000 is permitted to one borrower, whichever is less.

Escrow Waiver

Property tax and insurance escrows can be waived with the following criteria:

- 80% LTV or less for properties located in all states except CA.
- < 90% LTV for properties located in CA. (at 90% and greater, escrows may not be waived)

If it can be documented that the original loan did not have an impound account, regardless of the current LTV, impounds may be waived. Adequate documentation must be provided in the loan file and loans without impound accounts are subject to a Secondary Market price adjustment.

Escrow Holdback

Both weather related and non-weather related holdbacks will be considered by Corporate Underwriting on a case by case basis.

Pre-payment Penalty

Not allowed.

Temporary Buydowns

Not allowed.