



# Conventional: Adjustable Rate Guidelines

*California, Maryland, Michigan & Ohio*

## Product Description

- Conventional Conforming: 5 year / 1 year & 7 year / 1 year Adjustable Rate Mortgage (ARM)
- 30 year term
- Fully amortizing
- Non-convertible
- 5/1 ARM Plan: # 3252
- 7/1 ARM Plan: FM GENERIC 7 YR or # 2727

## Product Codes

Adjustable Rate Mortgage – Fully Amortizing		
Product	Product Code	Loan Term
5/1 ARM	153100	30-Years
7/1 ARM	173100	30-Years

## Product Summary

- **Index:** London Interbank offered rate for twelve month United States dollar-denominated deposits, as published in the Wall Street Journal (Libor)
- **Margin:** 2.250%
- **Initial Cap:** 5%
- **Annual Cap:** 2%
- **Life Cap:** 5%
- **Rate at Adjustment:**
  - 5/1 ARM: Initial Note rate is in effect for 60 months; the first interest adjustment is subject to life cap, thereafter, a 2% annual adjustment cap begins with the second adjustment.
  - 7/1 ARM: Initial Note rate is in effect for 84 months; the first interest adjustment is subject to life cap, thereafter, a 2% annual adjustment cap begins with the second adjustment.
  - Rate is equal to the note margin plus index rounded to the nearest 0.125%. Subject to annual / life caps.
- **Qualifying Rate and Ratios:**
  - Qualifying Rate:
    - 5/1 ARM: Qualify using greater of the fully indexed, fully amortizing rate or Note rate + 2.0%.
    - 7/1 ARM: Qualify using greater of the fully indexed, fully amortizing rate or the Note rate.
  - Ratios: DU Approve / Eligible only – Ratios evaluated by DU.

*Product summaries contain eligibility guidelines only. Consult the Interbank Broker Client Guide for full details; subject to change without notice.*

## Conventional: Adjustable Rate Guidelines – CA, MD, MI & OH (Cont.)

### Maximum Loan Amounts

Property Type	Maximum Loan Amount 48 Contiguous States & DC
1 Unit	\$417,000
2 Unit	\$533,850
3 Unit	\$645,300
4 Unit	\$801,950

### Loan Parameters

Purchase and Rate / Term Refinance (R/T) Transactions													
Units	Owner Occupied				Second Homes				Investment <sup>2</sup>				Max DTI
	Max LTV w/o*	Max LTV w/**	Max CLTV / HCLTV w/**	Min. FICO	Max LTV w/o*	Max LTV w/**	Max CLTV / HCLTV w/**	Min. FICO	Max LTV w/o*	Max LTV w/**	Max CLTV / HCLTV w/**	Min. FICO	
1 Unit	80% <sup>1</sup>	80% <sup>1</sup>	90% <sup>1</sup>	620 <sup>3</sup>	75% <sup>1</sup>	75% <sup>1</sup>	75% <sup>1</sup>	620	60%	60%	60%	620	Per AUS
2 Unit	70%	65%	70%	620	Not Permitted				60%	60%	60%	620	Per AUS
3 - 4 Unit	65%	60%	65%	620	Not Permitted				60%	60%	60%	620	Per AUS

\* Without Secondary Financing  
 \*\* With Secondary Financing

Cash-Out (C/O) Transactions													
Units	Owner Occupied				Second Homes				Investment <sup>2</sup>				Max DTI
	Max LTV w/o*	Max LTV w/**	Max CLTV / HCLTV w/**	Min FICO	Max LTV w/o*	Max LTV w/**	Max CLTV / HCLTV w/**	Min FICO	Max LTV w/o*	Max LTV w/**	Max CLTV / HCLTV w/**	Min FICO	
1 Unit	70%	70%	70%	620	65%	65%	65%	620	60%	60%	60%	620	Per AUS
2 Unit	65%	65%	65%	620	Not Permitted				60%	60%	60%	620	Per AUS
3 - 4 Unit	65%	65%	65%	620	Not Permitted				60%	60%	60%	620	Per AUS

\* Without Secondary Financing  
 \*\* With Secondary Financing

<sup>1</sup> The maximum LTV for Condos is 70% LTV / 80% CLTV / 80% HCLTV

<sup>2</sup> Condos are not permitted for Investment (non-owner occupied).

<sup>3</sup> Minimum Credit Score is 720 for LTVs > 80%

- Minimum FICO's as stated for loans exceeding 80.00% LTV are based on Stable Markets. Declining Markets will require a higher minimum FICO depending on MI company guidelines.

Product summaries contain eligibility guidelines only. Consult the Interbank Broker Client Guide for full details; subject to change without notice.

## Conventional: Adjustable Rate Guidelines – CA, MD, MI & OH (Cont.)

Eligible Property Types	<p>Unless otherwise specifically restricted or not permitted by the applicable loan parameters, the following property types are acceptable to Interbank (IMC) / agency Guidelines:</p> <ul style="list-style-type: none"> <li>• 1 Unit Properties</li> <li>• Condominiums (condo) to IMC guidelines, regardless of AUS Findings (Low Rise and High Rise)</li> <li>• PUDs to applicable agency guidelines</li> </ul>
Occupancy	<ul style="list-style-type: none"> <li>• Primary Residences</li> <li>• Second Homes (1 Unit)</li> <li>• Investment Properties (Maximum LTV = 60%)</li> </ul>
Transaction Types	<ul style="list-style-type: none"> <li>• <b>Purchase Transactions</b></li> <li>• <b>Rate / Term or Limited Cash-Out Refinance</b> <ul style="list-style-type: none"> <li><u>Mortgage Amount</u> – The mortgage amount is limited to: <ul style="list-style-type: none"> <li>○ The sum of the unpaid balance of the existing first mortgage, closing costs, points, pre-paid items, and, if applicable, the amount required to satisfy certain subordinate loans used for the original purchase of the property.</li> <li>○ Any “cash” back to the borrower may not exceed the lesser of \$2,000 or 2% of the loan amount.</li> <li>○ <u>Subordinate Second Liens</u>: There are no seasoning requirements for current secondary liens that are being subordinated to the new loan.</li> <li>○ If prior refinance transaction was treated as cash out in the last 6 months, then the current transaction will be considered cash-out.</li> <li>○ Subject property cannot be currently listed for sale – must be taken off marketing minimum 1 day prior to date of application.</li> </ul> </li> </ul> </li> <li>• <b>Cash-Out Refinance</b> <ul style="list-style-type: none"> <li><u>Mortgage Amount</u>: <ul style="list-style-type: none"> <li>○ The mortgage amount must be used to pay the current unpaid principal balance of the existing first mortgage; it may be used to pay closing costs, points, pre-paid items, subordinate mortgage liens and additional cash to the borrower.</li> <li>○ Borrower must be on title minimum 6 months for eligible cash-out transaction.</li> <li>○ Max LTV / CLTV / HCLTV 70% if subject was listed for sale in the last 6 months and in addition evidence property was taken off market minimum 1 day prior to date of application.</li> <li>○ <u>Subordinate Liens</u>: No seasoning requirements.</li> </ul> </li> </ul> </li> </ul>
Eligible States	<ul style="list-style-type: none"> <li>• CA</li> <li>• MD</li> <li>• MI</li> <li>• OH</li> </ul>
Assumptions	Permitted after first interest rate adjustment period. Creditworthy borrowers only.
Prepayment Penalties	None.

*Product summaries contain eligibility guidelines only. Consult the Interbank Broker Client Guide for full details; subject to change without notice.*

## Conventional: Adjustable Rate Guidelines – CA, MD, MI & OH (Cont.)

Secondary Financing	<ul style="list-style-type: none"> <li>Permitted, see Loan Parameters LTV Limitations table for CLTV restrictions.</li> <li>For Home Equity Lines of Credit (HELOCs), the Borrower’s housing-expense to income ratio is based on the minimum required payment shown on the credit report. CLTV is based on the current balance of HELOC and HCLTV is based on the total line amount.</li> </ul>
AUS Decisions	DU Approve / Eligible only.
Eligible Borrowers	<ul style="list-style-type: none"> <li>U.S. Citizens</li> <li>Permanent Resident Aliens (verify Alien Registration Card if borrower does not live in the U.S.)</li> <li>Non-Permanent Resident Aliens</li> <li>Inter Vivos Revocable Trust (primary and 2<sup>nd</sup>)</li> </ul>
Multiple Mortgages to Same Borrower	<ul style="list-style-type: none"> <li><b>Primary Residences:</b> There is no restriction to the number of financed properties.</li> <li><b>Second Homes &amp; Investment Properties:</b> <ul style="list-style-type: none"> <li>Borrowers are limited to a maximum of 4 financed properties, including the primary residence.</li> <li>2 months PITI if subject property is Second Home</li> <li>6 months PITI if subject property is Investment Property</li> <li>An additional 2 months PITI on all other financed REO’s when subject is Second Home or Investment Property</li> </ul> </li> </ul>
Non-Arms Length Transactions	<ul style="list-style-type: none"> <li><b>Full documentation required regardless DU findings:</b> <ul style="list-style-type: none"> <li>2 years tax returns</li> <li>2 months statements all assets</li> <li>Full appraisal</li> <li>Lox disclosing relationship and must be acknowledged on sales contract and appraisal</li> <li>Primary residence and second home only</li> </ul> </li> <li>Loans with borrowers employed by family member / broker or purchase transactions FSBO (For Sale By Owner) will require full documentation requirements as above.</li> </ul>
Non-Occupant Co-Borrowers	<ul style="list-style-type: none"> <li>DU findings must identify the non-occupant co-borrower and the occupying borrower must meet DU’s approval</li> <li>Maximum 90.00% LTV</li> <li>Single Unit only</li> <li>Primary Residences only</li> <li>Non-occupant co-borrower may not be an interested party to the sales transaction, such as the property seller, property builder, and real estate broker.</li> <li><b>Down Payment:</b> If the LTV is greater than 80.00%, the owner-occupant(s) must make the first 5% down payment from their own verified funds.</li> </ul>
Interested Party Contributions	<p><b>Maximum Contributions:</b></p> <ul style="list-style-type: none"> <li><u>Primary Residence / Second Home:</u> <ul style="list-style-type: none"> <li>6% for CLTV = 75.01% - 90%</li> </ul> </li> </ul>

*Product summaries contain eligibility guidelines only. Consult the Interbank Broker Client Guide for full details; subject to change without notice.*

## Conventional: Adjustable Rate Guidelines – CA, MD, MI & OH (Cont.)

Interested Party Contributions (Cont.)	<ul style="list-style-type: none"> <li>○ 9% for LTV ≤ 75%</li> <li>● <u>Investment Property</u>: 2%</li> </ul>						
Gifts	<p><b>Acceptable Primary Residences and Second Homes:</b></p> <ul style="list-style-type: none"> <li>● Gifts must be from relatives, domestic partners, or fiancé/fiancée.</li> <li>● No portion of the down payment may be donated by interested parties to the transaction including sellers, realtors, brokers, or sales associates.</li> <li>● Generally, the borrower must invest at least 5% of his/her own funds toward the down payment unless the gift is 20% of the lesser of the sales price or appraised value of the property.</li> <li>● If the gift towards down payment is 20% or more, the borrower is not required to make an investment from his or her own funds.</li> </ul>						
Appraiser / Appraisal Requirements	<ul style="list-style-type: none"> <li>● Home Valuation Code of Conduct (HVCC) Compliance</li> <li>● Licensed Appraisers only</li> <li>● Appraisals must be ordered through Interbank’s management company</li> <li>● Investment properties require full appraisal and in addition, include both forms 216 (operating income statement) &amp; 1007 (rent schedule for 1 unit properties) regardless rental income being used. Subject Investment sales price or appraised value &lt; \$100,000 will require a 2<sup>nd</sup> appraisal.</li> <li>● <b>Full appraisals regardless of DU findings for <u>any</u> of the following:</b> <ul style="list-style-type: none"> <li>○ Investment property</li> <li>○ Cash-out</li> <li>○ MI required</li> <li>○ Condo</li> <li>○ Foreclosure</li> <li>○ Non-arms length</li> </ul> </li> </ul>						
Credit	<ul style="list-style-type: none"> <li>● DU Approve / Eligible – Per DU Feedback</li> <li>● LTVs &gt; 80% - Minimum Credit Score = 680 regardless of DU Feedback</li> <li>● Collections required to be paid in full if required by DU OR aggregate total is &gt;\$5000 for non-medical collections</li> </ul>						
Bankruptcy / Foreclosure	<table border="1"> <thead> <tr> <th data-bbox="451 1417 803 1455">Topic</th> <th data-bbox="803 1417 1526 1455">Requirements</th> </tr> </thead> <tbody> <tr> <td data-bbox="451 1455 803 1608"><b>Re-established Credit – Foreclosure &amp; Bankruptcy (All but Chapter 13)</b></td> <td data-bbox="803 1455 1526 1608"> <b>4-Years</b> <ul style="list-style-type: none"> <li>● Require a minimum 4-year period of re-established credit from the bankruptcy discharge or dismissal date.</li> </ul> </td> </tr> <tr> <td data-bbox="451 1608 803 1915"><b>Re-established Credit – Chapter 13</b></td> <td data-bbox="803 1608 1526 1915"> <b>2-Years from Discharge</b> <ul style="list-style-type: none"> <li>● <u>Discharge</u> is the <u>successful</u> completion of the Chapter 13 repayment plan. (Debts were repaid.); OR</li> </ul> <b>4 Years from Dismissal</b> <ul style="list-style-type: none"> <li>● <u>Dismissal</u> is the “forgiving” of an <u>unsuccessful</u> Chapter 14 plan. (Debts were not repaid and the <u>failed</u> Chapter 13 is dismissed.)</li> </ul> </td> </tr> </tbody> </table>	Topic	Requirements	<b>Re-established Credit – Foreclosure &amp; Bankruptcy (All but Chapter 13)</b>	<b>4-Years</b> <ul style="list-style-type: none"> <li>● Require a minimum 4-year period of re-established credit from the bankruptcy discharge or dismissal date.</li> </ul>	<b>Re-established Credit – Chapter 13</b>	<b>2-Years from Discharge</b> <ul style="list-style-type: none"> <li>● <u>Discharge</u> is the <u>successful</u> completion of the Chapter 13 repayment plan. (Debts were repaid.); OR</li> </ul> <b>4 Years from Dismissal</b> <ul style="list-style-type: none"> <li>● <u>Dismissal</u> is the “forgiving” of an <u>unsuccessful</u> Chapter 14 plan. (Debts were not repaid and the <u>failed</u> Chapter 13 is dismissed.)</li> </ul>
	Topic	Requirements					
	<b>Re-established Credit – Foreclosure &amp; Bankruptcy (All but Chapter 13)</b>	<b>4-Years</b> <ul style="list-style-type: none"> <li>● Require a minimum 4-year period of re-established credit from the bankruptcy discharge or dismissal date.</li> </ul>					
<b>Re-established Credit – Chapter 13</b>	<b>2-Years from Discharge</b> <ul style="list-style-type: none"> <li>● <u>Discharge</u> is the <u>successful</u> completion of the Chapter 13 repayment plan. (Debts were repaid.); OR</li> </ul> <b>4 Years from Dismissal</b> <ul style="list-style-type: none"> <li>● <u>Dismissal</u> is the “forgiving” of an <u>unsuccessful</u> Chapter 14 plan. (Debts were not repaid and the <u>failed</u> Chapter 13 is dismissed.)</li> </ul>						

Product summaries contain eligibility guidelines only. Consult the Interbank Broker Client Guide for full details; subject to change without notice.

## Conventional: Adjustable Rate Guidelines – CA, MD, MI & OH (Cont.)

Bankruptcy / Foreclosure (Cont.)	Topic	Requirements
	<b>Re-established Credit – Chapter 13</b>	2-Years from Discharge / 4-Years from Dismissal
	<b>Extenuating Circumstance (All Bankruptcy)</b>	Minimum 2-Years from discharge or dismissal. For all bankruptcy actions.
	<b>Multiple Bankruptcy Filings</b>	Minimum 5-Years re-established credit for borrowers with more than 1 bankruptcy filing in the past 7 years.
	<b>Foreclosure</b>	7-Years from completion of foreclosure proceedings.
	<p><b>NOTE:</b></p> <ul style="list-style-type: none"> <li>• Interbank will <u>not</u> refinance properties currently in foreclosure proceedings.</li> <li>• Interbank will <u>not</u> make a loan to a borrower involved in a “short-sale” situation within 4 years of the new application date.</li> <li>• Follow DU requirements if more restrictive than above.</li> </ul>	
<b>Age of Documents</b>	<ul style="list-style-type: none"> <li>• 90 days old for standard credit documents at the time of closing (including new construction).</li> <li>• <b>Appraisals:</b> 90 days old for existing properties and Construction-to-Permanent (including new construction). Appraisal updates are not accepted.</li> <li>• <b>Pay Stubs:</b> Must be within 30 days of signed application.</li> <li>• <b>Bank Statements:</b> Must be within 45 days of signed application.</li> </ul>	
<b>Income / Asset Documentation</b>	<ul style="list-style-type: none"> <li>• <b>Income:</b> <ul style="list-style-type: none"> <li>○ Full VOE if borrower’s paystubs are computer generated, but do not reflect employer’s name and address OR if using other income, such as overtime, bonus, or commission</li> <li>○ Current pay stub with YTD earnings</li> <li>○ W-2’s for prior 1 year</li> <li>○ Self-Employed: 1 year signed tax return or as required by DU findings</li> <li>○ Verbal VOE completed by Interbank prior to funding</li> <li>○ Signed 4506T to be executed at application</li> <li>○ Additional signed 4506T to be executed at closing</li> </ul> </li> <li>• <b>Assets:</b> <ul style="list-style-type: none"> <li>○ Bank statements for the most recent 1 month to support required funds to close / reserves. VOD’s are not accepted.</li> <li>○ Second homes require 2 months subject PITI + 2 months PITI all other financed REO.</li> <li>○ Investment properties require 6 months PITI + 2 months PITI all other financed REO.</li> </ul> </li> </ul>	

*Product summaries contain eligibility guidelines only. Consult the Interbank Broker Client Guide for full details; subject to change without notice.*