

Interest Only Guidelines

Product Description

- Conventional Conforming Interest Only for 10 years, then the rate begins to adjust annually and the payments are fully amortizing over the remaining years.
- 30 year term
- Non-convertible
- 5/1 ARM Plan # 3505
- 7/1 ARM Plan # 3518

Product Codes

Product	Product Code	Loan Term
5/1 ARM-Retail	153114	30-Years
5/1 ARM-Wholesale	153104	30-Years
7/1 ARM-Retail	173114	30-Years
7/1 ARM-Wholesale	173104	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; initial adjustment is subject to the 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; initial adjustment is subject to the 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 the greater of the fully-indexed / fully-amortizing rate or the Note rate +2%.
 - 7/1 ARM: Qualify using the greater of the fully indexed / fully amortizing rate or the Note rate.
 - Ratios: DU Approve / Eligible only – Ratios evaluated by DU.

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Interest Only Guidelines *(Cont.)*

Minimum / Maximum Loan Amounts

Property Type	Minimum Loan Amount	Maximum Loan Amount 48 Contiguous States & DC
1 Unit	\$70,000	\$417,000

Loan Parameters

Units	Primary Residence				Second Homes			
	Max LTV w/o Sec Fin	Max LTV w/ Sec Fin	Max CLTV & HCLTV w/ Sec Fin	FICO	Max LTV w/o Sec Fin	Max LTV w/ Sec Fin	Max CLTV & HCLTV w/ Sec Fin	FICO
1 Unit	70%	65%	70%	720	70%	65%	70%	720
2-4 Unit	Not Permitted							

- Texas Section 50(a)(6), True Texas Cash Out, loans are not permitted
- Cash Out not permitted

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Eligible Property Types	<ul style="list-style-type: none"> • Unless otherwise specifically restricted or not permitted by the applicable loan parameters, the following property types are acceptable to Interbank (IMC) / agency Guidelines: <ul style="list-style-type: none"> ○ 1 Unit Properties ○ Condominiums (condo) to IMC guidelines, regardless of AUS Findings (Low Rise and High Rise) ○ PUDs to applicable agency guidelines • Ineligible Property Types: <ul style="list-style-type: none"> ○ Co-ops ○ Manufactured Homes ○ 2-4 Units ○ Investment properties
Occupancy	<ul style="list-style-type: none"> • Primary Residences (1 unit) • Second Homes (1 Unit)
Transaction Types	<ul style="list-style-type: none"> • Purchase Transactions <ul style="list-style-type: none"> ○ No HUD owned properties • Rate / Term or Limited Cash-Out Refinance <p><u>Mortgage Amount</u> – The mortgage amount is limited to:</p> <ul style="list-style-type: none"> ○ 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. ○ Any “cash” back to the borrower may not exceed the lesser of \$2,000 or 2% of the loan amount (\$0 if subject is in Texas). ○ <u>Subordinate Second Liens:</u> There are no seasoning requirements for current secondary liens that are being subordinated to the new loan. ○ If prior refinance transaction was treated as cash out in the last 6 months, then the current transaction will be considered cash-out and ineligible for an interest-only program • Cash-out transactions: are not permitted
Eligible States	<ul style="list-style-type: none"> • CO • IL • IN • MI • MN • OH • OR • TX • WI
Assumptions	Permitted after first interest rate adjustment period. Creditworthy borrowers only.
Prepayment Penalties	None

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Temporary Buydowns	Not permitted.								
Secondary Financing	<ul style="list-style-type: none"> Permitted, see Loan Parameters LTV Limitations table for CLTV / HCLTV restrictions. 								
Mortgage Insurance	Not permitted								
AUS Decisions	DU Approve / Eligible only.								
Eligible Borrowers	<ul style="list-style-type: none"> U.S. Citizens Permanent Resident Aliens (verify Alien Registration Card if borrower does not live in the U.S.) Non-Permanent Resident Aliens Inter Vivos Revocable Trust Illinois Land Trust (1 unit primary and second home only) 								
Multiple Mortgages to Same Borrower	<ul style="list-style-type: none"> Primary Residences: There is no restriction to the number of financed properties. Second Homes Properties: <ul style="list-style-type: none"> Borrowers are limited to a maximum of 4 financed properties, including the primary residence 								
Non-Arms Length Transactions	Non-arms length transactions are not eligible for Interest Only transactions.								
Appraiser / Appraisal Requirements	<ul style="list-style-type: none"> Full appraisal required regardless DU findings Home Valuation Code of Conduct (HVCC) Compliance Licensed Appraisers only Appraisals must be ordered through Interbank's management company 								
Credit	<ul style="list-style-type: none"> DU Approve / Eligible – Per DU Feedback Collections required to be paid in full if required by DU OR aggregate total is >\$5000 for non-medical collections 								
Bankruptcy / Foreclosure	<table border="1"> <thead> <tr> <th>Topic</th> <th>Requirements</th> </tr> </thead> <tbody> <tr> <td>Re-established Credit – Foreclosure & Bankruptcy (All but Chapter 13)</td> <td> 4-Years <ul style="list-style-type: none"> Require a minimum 4-year period of re-established credit from the bankruptcy discharge or dismissal date. </td> </tr> <tr> <td>Re-established Credit – Chapter 13</td> <td> 2-Years from Discharge <ul style="list-style-type: none"> <u>Discharge</u> is the <u>successful</u> completion of the Chapter 13 repayment plan. (Debts were repaid.); OR 4 Years from Dismissal <ul style="list-style-type: none"> <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.) </td> </tr> <tr> <td>Re-established Credit – Chapter 13</td> <td>2-Years from Discharge / 4-Years from Dismissal</td> </tr> </tbody> </table>	Topic	Requirements	Re-established Credit – Foreclosure & Bankruptcy (All but Chapter 13)	4-Years <ul style="list-style-type: none"> Require a minimum 4-year period of re-established credit from the bankruptcy discharge or dismissal date. 	Re-established Credit – Chapter 13	2-Years from Discharge <ul style="list-style-type: none"> <u>Discharge</u> is the <u>successful</u> completion of the Chapter 13 repayment plan. (Debts were repaid.); OR 4 Years from Dismissal <ul style="list-style-type: none"> <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.) 	Re-established Credit – Chapter 13	2-Years from Discharge / 4-Years from Dismissal
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Bankruptcy / Foreclosure <i>(Cont.)</i>	Topic	Requirements
	Extenuating Circumstance (All Bankruptcy)	Minimum 2-Years from discharge or dismissal. For all bankruptcy actions.
	Multiple Bankruptcy Filings	Minimum 5-Years re-established credit for borrowers with more than 1 bankruptcy filing in the past 7 years.
	Foreclosure	7-Years from completion of foreclosure proceedings.
	<p>NOTE:</p> <ul style="list-style-type: none"> • Interbank will <u>not</u> refinance properties currently in foreclosure proceedings. • 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. 	
Age of Documents	<ul style="list-style-type: none"> • 90 days old for standard credit documents at the time of closing (including new construction). • Appraisals: 90 days old for existing properties and Construction-to-Permanent (including for new construction). Appraisal updates are not accepted. • Pay Stubs: Must be within 30 days of signed application. • Bank Statements: Must be within 45 days of signed application. 	
Income / Asset Documentation	<ul style="list-style-type: none"> • Income: <ul style="list-style-type: none"> ○ 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 ○ Current pay stub with YTD earnings ○ W-2’s for prior 1 year ○ Self-Employed: 1 year signed tax return or as required by DU findings ○ Verbal VOE completed by Interbank prior to funding ○ Signed 4506T to be executed at application ○ Additional signed 4506T to be executed at closing • Assets: <ul style="list-style-type: none"> ○ Bank statements for the most recent 1 month to support required funds to close / reserves. VOD’s are not accepted. ○ 24 months PITI reserves required in addition to funds needed for closing. ○ Subject second homes require additional 2 months PITI reserves for all other financed REOs. 	

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