



**PRODUCT:**

**Conforming High Balance**

CHB15

CHB30

**Full Documentation - Borrower Paid MI**

Max LTV	Max CLTV	Score	Trans	Units	Max Amt
<b>Primary Residence</b>					
85	85	620	Purchase, R/T	1	N/A*
70	70	620	C/O	1	N/A*
<b>Second Home</b>					
75	75	620	Purchase, R/T	1	N/A*
60	60	620	C/O	1	N/A*
<b>Investment</b>					
75	75	660	Purchase, R/T	1	N/A*
60	60	660	C/O	1	N/A*
<b>For county specific loan amount limits, please follow the link in the Maximum Loan Amount section.</b>					

**Amortization:** Product is available as 15, 20, or 30 year fixed rate loans.

**Appraisal Requirements:** A full URAR is required on all transactions.

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.

Appraisal requirements for PUDs, in new subdivisions, are as follows:

- One Comparable from inside the subject development must be obtained.
- A minimum of one comparable is required from outside the development and from outside the influence of the developer.

**Cash-Out Refinance:** The transaction will be considered a cash-out refinance if:

- The borrower is receiving any cash in hand that is greater than the lesser of \$2,000 or 2% of the loan amount.
- The borrower has an equity line where the draws have exceeded the greater of 2% of the line total or \$2,000 in the last 12 months.
- The borrower has obtained a subordinate mortgage that was not used to purchase the property.
- Any debt other than subject property liens is paid off from loan proceeds.
- If the most recent transaction on the subject property was a cash out transaction and it occurred within the last six months, the new mortgage must be treated as cash out even if the borrower is not receiving a cash out.

**Net Tangible Benefit:** All refinances must meet Primary Capital's net tangible benefit requirements. For requirements please go to our website: [www.pcmexpress.com](http://www.pcmexpress.com)

## Construction to Permanent

### LTV Calculation:

LTV /CLTV requirements for construction to permanent financing are as follows:

- Acquisition cost must be documented.
- LTV/CLTV must be within the guidelines posted above.
- When the lot is owned less than 12 months prior to the close of interim financing
  - LTV/CLTV ratio is based on the lesser of:
    - Current appraised value of the subject property (both the lot and the improvements), or
    - Total acquisition costs (sum of documented costs of construction and the sales price of the lot).
- When the lot is owned greater than 12 than or equal to 12 months prior to the close of interim financing
  - LTV/CLTV ratio is based on the lesser of:
    - Current appraised value of the subject property (both the lot and the improvements), or
    - The sum of the documented costs of construction and the appraised value of the lot.
- As a reminder acquisition cost must be documented as follows:  
Purchase contract or construction statement (cost breakdown) signed by the borrower and the builder.
- If the lot is acquired separately, the borrower must also provide a copy of the recorded deed with the filing date (if applicable) and one of the following:
  - Copy of the land purchase agreement or contract for deed;
  - Owner's title policy; or
  - HUD-1 settlement statement.

## Construction to Permanent

### Payment History:

**On all Construction to Permanent transactions, payments must be documented with 12 months of cancelled checks and a VOM.**

### Cash to Close:

For primary residence and second home transactions, the borrower must have a minimum of 5% own funds. Only required on scenarios where a down payment is present.

On investment property transactions, the entire down payment must be from borrower's own funds. Closing costs and pre-pays may be from a gift.

**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>LP/DO 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 LP or DU.

No late mortgage payments in the last 12 months allowed regardless of LP/DU findings.

**Credit Score:**

All transactions must have a minimum credit score of 620 regardless of AUS findings. All borrowers must meet credit score requirements.

**No late mortgage payments in the past 12 months allowed, regardless of LP/DU approval.**

**Condominiums:**

Condominiums are ineligible on this product.

**Geographic**

<b>Restrictions:</b>	None
<b>Gifts:</b>	<p>Gifts are allowed after borrower has contributed 5% own funds on primary residence and second home transactions. For LTVs 80% and below, the entire down payment may be a gift.</p> <p>On investment property transactions, the entire down payment must be from borrower's own funds. Closing costs and pre-pays may be from a gift.</p>
<b>Income and Asset Documentation:</b>	<p>Full Documentation - determined by LP or DU. If findings do not ask for income to be verified, PCM will verify income from independent third party provider.</p> <p><b>Borrower must be on <u>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.</u></b></p>
<b>Maximum Loan Amount:</b>	<p>For maximum loan amounts per county, please use the following link.  <a href="https://entp.hud.gov/idapp/html/hicostlook.cfm">https://entp.hud.gov/idapp/html/hicostlook.cfm</a></p>
<b>Multiple Property Ownership:</b>	<p>On second home and investment transactions, borrowers may only own 4 properties including their primary residence.</p>
<b>Non-Occupant Co-Borrower:</b>	<p>Non-occupant co-borrowers are not allowed.</p>
<b>Non Arms Length Transactions:</b>	<p>The following scenarios are considered non-arms length transactions and are not eligible for financing:</p> <ul style="list-style-type: none"> <li>• Purchase transactions between family members.</li> <li>• Purchase transactions between employer and employees.</li> <li>• Applicants employed by family members.</li> <li>• Loans for builders on properties they or their company have built.</li> <li>• Renters buying from landlord.</li> </ul>
<b>Payoff Statements:</b>	<p>Current payoff statements will be required on all refinance transactions. The payoff statement must reflect that the loan is not more than 30 days delinquent, does not contain charges associated with default/forbearance and does not indicate evidence of a short pay.</p>
<b>Power of Attorney:</b>	<p><b>Primary Capital does not allow loans to close under a Power of Attorney.</b></p>

**Private Mortgage Insurance:**

LTV	30 Year	15 Year
80.01-85%	12%	6%

The above MI percentages per LTV brackets are the required amounts regardless of automated findings.

**Private Mortgage Insurers:**

MGIC, UG, RMIC, Radian, or PMI

**Property Type:**

Eligible properties include 1-4 unit properties, and PUDS. PUDs must be agency warrantable.

Ineligible properties include condos, manufactured housing, modular homes, log homes, unique properties, model homes and non warrantable condominiums. Properties listed in the last 90 days are not eligible for refinance transactions.

**Qualifying Ratios:**

LTV's 80.01 to 85.00 - 41%  
LTV <=80.00-determined by LP

**Reserves:**

Reserves on primary residence transactions with LTV's greater than 80% are two months. Reserves on all Second Home transactions are 2 months, regardless of LP or DU findings. Investment transactions require six months reserves regardless of LP or DU findings.

**Seasoning-Cash Out Refinances:**

On owner occupied and second home transactions, all borrowers must have been on title for 6 months to be eligible for cash out. On investor loans, all borrowers must have been on title for 12 months.

**Seller Contributions:**

Occupancy	LTV/CLTV	Maximum Contribution
Primary Residence	75.01 - 85%	6%
	75% and below	9%
Second Home	75.01 - 80.00%	3%
	75% and below	6%
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
- 85.00 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.

**Underwriting:**

All loans must receive LP accept or DU approval.

Freddie Mac- Caution/Eligible A minus offerings as well as DU expanded level approvals are not allowed on this program.