



Delayed Financing Exception C/O Refinance

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Delayed Financing Exception C/O Refinance

DELAYED FINANCING MORTGAGE PRODUCT	Borrowers who purchased the subject property within the past six months (measured from the date on which the property was purchased to the disbursement date of the new mortgage loan) are eligible for a cash-out refinance if all of the following requirements are met.
APPRAISAL	<ul style="list-style-type: none"> • Standard appraisal requirements are required on this program. • Appraisal form 1004 • Appraisal form 1073 • Appraisal form 1025
CREDIT	<ul style="list-style-type: none"> • The new loan amount cannot be more than the actual documented amount of the Borrower(s) initial investment in purchasing the property. • Financing of closing costs, prepaid fees and points are allowed (subject to the maximum LTV, CLTV, HCLTV for the transaction. • The LTV/CLTV/HCLTV must be based on the lesser of the original sales price or the current appraised value.
INCOME DOCUMENTATION	<ul style="list-style-type: none"> • Per DU Findings • Additional Conditions/Restrictions may apply based on Underwriter's discretion upon the completion of the loan credit risk analysis.
LOAN PROGRAM	<ul style="list-style-type: none"> • Delayed Financing Exception • This program is strictly for Borrower(s) who purchase the SUBJECT Property within the last 6 months. • Borrower(s) would be eligible for cash-out refinance if ALL of the requirements in these guidelines are met. • High Balance is available see LTV/CLTV restrictions for additional guidelines
LOAN TERMS	<ul style="list-style-type: none"> • 30 year fixed • 15 year fixed • Fully amortizing ARM Products • NO interest only (I/O) transactions allowed.

LTV/CLTV	Conforming and High Balance Mortgage Loans			
	Transaction Type	Number of Units	Maximum LTV	Minimum Credit Score
	Fannie Mae Cash-Out Refinance			
	Principal Residence	1 Unit	FRM: 80% ARM: 75%	Follow Standard Fannie Mae Guidelines
		2-4 Units	FRM: 75% ARM: 65%	
	Second Home			
	Second Home	1 Unit	FRM: 75% ARM: 65%	Follow Standard Fannie Mae Guidelines
	Investment Property			
	Investment Property	1 Unit	FRM: 75% ARM: 65%	Follow Standard Fannie Mae Guidelines
		2-4 Units	FRM: 70% ARM: 60%	
MORTGAGE INSURANCE	Per Fannie Mae Guidelines B7-1-02, Mortgage Insurance Coverage Requirements and B5-1-02, High Balance Pricing, Mortgage Insurance, Special Feature Codes and Delivery Limitations			
OCCUPANCY	<ul style="list-style-type: none"> • Owner Occupied • Second Homes • Investment 			
PROGRAM REQUIREMENTS FOR DELAYED FINANCED EXCEPTION	The original purchase transaction was an arms-length transaction.			
	<p>For this refinance transaction, the borrower(s) must meet Fannie Mae's borrower eligibility requirements, General Borrower Eligibility Requirement refer to Fannie Mae guidelines B2-2-01 General Borrower Eligibility. The borrower (s) may have initially purchased the property as one of the following:</p> <ul style="list-style-type: none"> • A natural person; • An eligible <i>inter vivos</i> revocable trust, when the borrower is both the individual establishing the trust and the beneficiary of the trust; • An eligible land trust when the borrower is the beneficiary of the land trust; or • An LLC or partnership in which the borrower(s) have an individual or joint ownership of 100% 			
	The original purchase transaction is documented by a Settlement Statement, which confirms that no mortgage financing was used to obtain the subject property. (A recorded trustee's deed [or similar alternative] confirming the amount paid by the grantee to trustee may be substituted for a settlement statement if a settlement statement was not provided to the purchase at time of sale.)			

PROGRAM REQUIREMENTS FOR DELAYED FINANCED EXCEPTION CONTINUED	The preliminary title search or report must confirm that there are no existing liens on the subject property.
	The sources of funds for the purchase transaction are documented (such as bank statements, personal loan documents, or a HELOC on another property).
	If the source of funds used to acquire the property was an unsecured loan or a loan secured by an asset other than subject property (such as a HELOC secured by another property), the settlement statement for the refinance transaction must reflect that all cash-out proceeds be used to pay off or pay down, as applicable, the loan used to purchase the property. Any payments on the balance remaining from the original loan must be included in the debt-to-income ratio calculation for the refinance transaction. Note: Funds received as gifts and used to purchase the property may not be reimbursed with proceeds of the new mortgage loan.
	The new loan amount can be no more than the actual documented amount of the borrower's initial investment in purchasing the property plus the financing of closing cost, prepaid fees, and points on the new mortgage loan (subject to the maximum LTV/CLTV/HCLTV ratios for the cash-out transaction based on the current appraised value).
	All other cash-out refinance eligibility requirements are met. Cash-out pricing is applicable.
	Note: Investor and second home borrowers with five to ten financed properties are ineligible for cash-out refinances transactions unless all of the delayed financing exception requirements listed above are met. Additional restrictions apply, Multiple Financed Properties for the Same Borrower. <u>Refer to Fannie Mae Guidelines B2-2-03 Multiple Financed Properties for the Same Borrower.</u>
PROPERTY TYPES	<ul style="list-style-type: none"> • Attached & Detached SFR and PUDs • Low/High-Rise Condos • 2 to 4 Units • Standard Condo/PUD documentation/guidelines required • CPM to be processed for condominium project and receive "Eligible" project status.
SUBORDINATE FINANCING	Not Allowed
UNDERWRITING METHOD	<ul style="list-style-type: none"> • Loans must be underwritten through Desktop Underwriting (DU)