

Effective Date: December 10, 2012

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| ELIGIBLE LOAN TERMS | Fixed: 10, 15, 20, 25 & 30 yr. ARMS 5/1, 7/1 & 10/1; 2/2/5 Caps **ARMS qualify at the greater of the Fully Indexed or Start Rate. Reduce LTV by 5%. |
| INTEREST ONLY | Available on 30 yr. Fixed and 10/1 ARMS only; IO period is 10 yrs. |
| PREPAYMENT PENALTY | No prepayment penalty |
| CASH OUT | Not permitted unless delayed funding. Max 55% of Purchase price ** Max 55 LTV based on acquisition costs. Max delay is 60 days |
| SEASONING | No seasoning requirements on rate and term refinances (LTV restriction based on appraisal or acquisition, SEE GUIDELINES) |
| MINIMUM LOAN AMOUNT | \$100,000 |
| MAXIMUM LOAN AMOUNT | \$650,000 |
| MAXIMUM LTV | 65% on purchases **Max LTV is 60% if appraiser denotes as declining market 55% on refinances |
| ESCROWS | Taxes and insurance escrows are required |
| PROPERTY TYPES | Single Family - Attached and Detached Townhome PUD 2-4 Unit - Second home transactions may be permitted on a case by case bases. Condominium **Fannie Mae or New Penn Financial CPM approved **Non-Warrantable Condos NOT PERMITTED **Loan amounts greater than \$500k are limited to NY Metro, Chicago, Miami, San Diego, San Francisco, Santa Barbara, Laguna Beach, Malibu and DC. Other markets will be considered |
| OCCUPANCY | Primary and second homes only. No investment properties. First Time Homebuyers are not permitted. |
| CREDIT | International credit reports are required on all Foreign Nationals **Credit reference letter, on letterhead required from financial/banking institution, with all contact information provided and length and relationship noted **If borrower has a valid SS# or Tax ID, a traditional credit report is also required. Minimum credit score is 680 (if score is provided) |
| MORTGAGE LATES | No delinquencies |
| BANKRUPTCY | None Permitted |
| FORECLOSURE | None Permitted |
| SELF-EMPLOYMENT | Must be self-employed for 4 years. 2 full years of self-employment and 2 years in the same line of work will be considered **CPA signed, on letterhead documenting last 2 years income and YTD. All CPA contact information to be provided and verifiable |
| SALARIED/WAGE EARNER | Required to provide paystubs and written voe verifying income for the past 2 yrs. and ytd. VOE must be obtained by the lender. 4506 must be executed if borrower has a valid SS# or Tax ID (Applies to both self-employment and salaried/wage earner) |
| ASSETS FOR INCOME (AFI) | Not Permitted |
| DEBT TO INCOME RATIO | Standard ratios only 35/45. No expanded ratios |
| ASSETS/RESERVES | All assets to be seasoned for 90 days (funds in US account not required to be seasoned if the transfer of funds is documented from borrowers foreign account) **24 months liquid reserves on all loans regardless of loan amount **Of the above mentioned 24 months, 12 months of liquid reserves must be held in a US based bank (Direct Debit) |
| ASSETS | All files require 90 days of asset statements **IRA/401K, use 70% of current value. Terms and Conditions of withdrawal are required on ALL **Use 100% of Stocks/Bonds, CD/Money Market and Checking/Savings |
| GIFTS | Not Permitted |
| SELLER CONCESSIONS | Max 6% up to 65% LTV |
| MAX FINANCED/ EXPOSURE | NPF exposure to the Borrower is limited to 1 loan regardless of occupancy; Borrowers owning additional property in the US will be considered on a case-by-case basis. |
| APPRAISALS | Must be ordered from NPF approved AMC. (see approved NPF AMCs) **1 full Appraisal Required **2 full appraisals on loan amounts greater than \$500K |
| DECLINING MARKETS | Appraisals defined as Tier 4 or 5 (declining) by New Penn Market risk rating have additional requirements **Tier 4 - Field Review **Tier 5 - 2nd Full Appraisal Required |
| FLIPPING | Property flipping within 60 days is ONLY permitted if the seller is a Bank, FNMA, Freddie Mac or Mortgage Company Valid Passport/Visa required. Visa Waiver Program accepted (See Guidelines) |
| GENERAL | **Politically exposed borrowers are not permitted (See Guidelines) **All borrowers are required to complete a W8 prior to Clear to Close (regardless if has an SS or TIN) **All borrowers must register for ACH prior to close, copy of check required prior to a loan being cleared to close; check must have the borrower's name and address pre-printed on it **All documents must be translated to English by a certified translator **Both foreign and translated docs must be submitted **All info must be translated (including all transactions on assets) |