

TEXAS HOME EQUITY PRODUCTS FIXED RATE ONLY

	CONFORMING TEXAS HOME EQUITY	JUMBO TEXAS HOME EQUITY PRODUCT
1. PRODUCT DESCRIPTION	<ul style="list-style-type: none"> • Conventional Conforming Fixed Rate • 10 – 30 year terms in 5-year increments • Fully amortizing • Product is specific to single family primary residences located in Texas Subject to the provisions of Texas Section 50(a)(6), Article XVI of the Texas Constitution 	<ul style="list-style-type: none"> • Conventional Jumbo Fixed Rate • 10 – 30 year terms in 5-year increments • Fully amortizing • Product is specific to single family primary residences located in Texas Subject to the provisions of Texas Section 50(a)(6), Article XVI of the Texas Constitution
2. TEMPORARY BUYDOWNS	N/A	
3. QUALIFYING RATE & RATIOS	Ratios • DU Approve– Ratios evaluated by DU	Ratios Desktop Underwrite 45% DTI
4. TYPES OF FINANCING	<ul style="list-style-type: none"> • Any Texas Section 50(a)(6) loan (first or second) is always restricted to the provisions of Texas Section 50(a)(6) for all subsequent refinances of that loan. <ul style="list-style-type: none"> • The title policy will reference Texas Section 50(a)(6) • There can be only one outstanding Texas Section 50(a)(6) loan on a property at any given time <ul style="list-style-type: none"> • If the borrower has an existing Texas Section 50(a) (6) second lien and is getting cash-out from the first mortgage, that lien must be paid off. • 12-month seasoning for any Texas Section 50(a)(6) loan (first or second). • No seasoning requirement for first or second mortgages that are not Texas Section 50(a) (6) loans. • If an existing Texas Section 50(a)(6) second lien is being subordinated and there is no cash-out from the first mortgage refinance, refer to an eligible first mortgage product summary for rate & term refinance guidelines. The second lien must be subordinated on the CHF fist mortgage and a subordination agreement must be executed. Borrower cannot be receiving any cash back from the first mortgage transaction. • If paying off a second mortgage that is not a Texas Section 50(a)(6) second lien AND there is no cash out from the first mortgage, refer to another product summary for applicable refinance guidelines. • Financed closing and other costs (excluding prepaids) cannot exceed 3% of the principal amount of the loan. Discount points used for reduction in interest rate do not need to be included in 3%. Discount points used for closing costs must be included in 3%. Only fees to third parties (e.g. appraisal, title report, title insurance, and third party closing costs) may 	<ul style="list-style-type: none"> • Any Texas Section 50(a)(6) loan (first or second) is always restricted to the provisions of Texas Section 50(a)(6) for all subsequent refinances of that loan. <ul style="list-style-type: none"> • The title policy will reference Texas Section 50(a)(6) • There can be only one outstanding Texas Section 50(a)(6) loan on a property at any given time <ul style="list-style-type: none"> • If the borrower has an existing Texas Section 50(a) (6) second lien and is getting cash-out from the first mortgage, that lien must be paid off. • 12-month seasoning for any Texas Section 50(a)(6) loan (first or second). • No seasoning requirement for first or second mortgages that are not Texas Section 50(a) (6) loans. • If an existing Texas Section 50(a)(6) second lien is being subordinated and there is no cash-out from the first mortgage refinance, refer to an eligible first mortgage product summary for rate & term refinance guidelines. The second lien must be subordinated on the CHF fist mortgage and a subordination agreement must be executed. Borrower cannot be receiving any cash back from the first mortgage transaction. • If paying off a second mortgage that is not a Texas Section 50(a)(6) second lien AND there is no cash out from the first mortgage, refer to another product summary for applicable refinance guidelines. • Financed closing and other costs (excluding prepaids) cannot exceed 3% of the principal amount of the loan. Discount points used for reduction in interest rate do not need to be included in 3%. Discount points used for closing costs must be included in 3%. Only fees to third parties (e.g. appraisal, title report, title insurance, and third party closing costs) may

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	<p>Be passed through to the borrower. If closing costs are greater than 3%, Fees must be reduced prior to closing. Refunds to the borrower are not permitted.</p> <ul style="list-style-type: none"> • Premium pricing is permitted if disclosed to the borrower at time of initial application. <p>Rate and Term Refinance</p> <p>Ÿ A loan is a rate and term refinance if the first mortgage being paid off is a Texas Section 50(a)(6) loan and the borrower is not getting any cash back from the refinance transaction. A second mortgage that is not a Texas Section 50(a)(6) loans that was used in whole to acquire the subject may be paid off.</p> <p>Ÿ May include closing cost and prepaids</p> <p>Ÿ HUD-1 settlement statement(s) required from any transaction within past 6 months. If previous transaction was a cash-out or if it combined a first and non-purchase money subordinate into a new first, loan to be coded cash out. If new transaction combines a first and non-purchase money subordinate into a new first loan, it is considered cash out</p> <p>Cash Out Refinance</p> <p>Ÿ All borrowers must have held title (ownership) to the subject property for a minimum of six months.</p> <p>Ÿ Properties that have been listed for sale are eligible with the following restrictions:</p> <ul style="list-style-type: none"> • LTV <= 70% if a property has been listed for sale within the six months preceding the application date • Property has been taken off the market on or before the application date • Borrower confirms the intent to occupy a primary residence <p>Ÿ A loan is considered a cash out refinance if:</p> <ul style="list-style-type: none"> • Paying off a first and/or second mortgage that is not a Texas Section 50(a)(6) loan AND is getting cash out from the refinance • Paying off a first mortgage that is a Texas Section 50(a)(6) loan, is not getting any cash out AND is paying off a second lien that is not a Texas Section 50(a)(6) which was not used in whole to acquire the subject property. • Paying off a first mortgage that is not a Texas Section 50(a)(6) loan AND is paying off a second lien that is a Texas Section 50(a)(6) loan and: <ul style="list-style-type: none"> Ÿ The borrower is getting cash beck from the refinance 	<p>be passed through to the borrower. If closing costs are greater than 3%, fees must be reduced prior to closing. Refunds to the borrower are not permitted.</p> <ul style="list-style-type: none"> • Premium pricing is permitted if disclosed to the borrower at time of initial application. <p>Rate and Term Refinance</p> <p>Ÿ A loan is a rate and term refinance if the first mortgage being paid off is a Texas Section 50(a)(6) loan and the borrower is not getting any cash back from the refinance transaction. A second mortgage that is not a Texas Section 50(a)(6) loans that was used in whole to acquire the subject may be paid off.</p> <p>Ÿ May include closing cost and prepaids</p> <p>Ÿ If owned less than 12 months, LTV must be based on lower of appraised value or original sales price plus the cost of any documented improvements. If the value has increased greater than 15%, photographs of improvements are required.</p> <p>Ÿ If owned more than 12 months, LTV is based on current appraised value. HUD-1 or Deed must be provided to verify ownership</p> <p>Ÿ Properties listed for sale in the last 6 months (on or before application date) are not eligible for refinance transactions.</p> <p>Cash Out Refinance</p> <p>Ÿ A loan is considered a cash out refinance if:</p> <ul style="list-style-type: none"> • Paying off a first and/or second mortgage that is not a Texas Section 50(a)(6) loan AND is getting cash out from the refinance • Paying off a first mortgage that is a Texas Section 50(a)(6) loan, is not getting any cash out AND is paying off a second lien that is not a Texas Section 50(a)(6) which was not used in whole to acquire the subject property. • Paying off a first mortgage that is not a Texas Section 50(a)(6) loan AND is paying off a second lien that is a Texas Section 50(a)(6) loan and: <ul style="list-style-type: none"> Ÿ The borrower is getting cash beck from the refinance transaction or Ÿ The borrower is not getting cash out but is paying off a second mortgage that was not used in whole to acquire the subject property <p>Ÿ If Owned less than 12 months, LTV must be based on lower of appraised value or original sales price plus the cost of any documented</p>
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	<p>transaction or</p> <p>Y The borrower is not getting cash out but is paying off a second mortgage that was not used in whole to acquire the subject property</p> <p>Y Loan proceeds can be used to pay off secured debt or unsecured debt. NO unsecured GM or GM affiliated debt OR any correspondent affiliated debt may be paid off at closing. (GM auto loans, GM credit cards, etc.)</p> <p>Y Paying off loans that are not Texas Section 50(a)(6) but are defined as a cash out refinance based on investor guidelines are eligible for this product. Borrower cannot receive any cash back from the transaction</p>	<p>improvements. If the value has increased greater than 15%, photographs of improvements are required</p> <p>Y If owned more than 12 months, LTV is based on current appraised value. HUD-1 or Deed must be provided to verify ownership</p> <p>Y Properties listed for sale in the last 6 months (on or before application date) are not eligible for equity refinance transactions.</p> <p>Y Loan proceeds can be used to pay off secured debt or unsecured debt. NO unsecured GM or GM affiliated debt OR any correspondent affiliated debt may be paid off at closing. (GM auto loans, GM credit cards, etc.)</p> <p>Y Paying off loans that are not Texas Section 50(a)(6) but are defined as a cash out refinance based on investor guidelines are eligible for this product. Borrower cannot receive any cash back from the transaction</p>																															
<p>5. MAXIMUM LOAN AMOUNT</p>	<table border="1"> <tr> <td>Units</td> <td>Maximum Loan Amount</td> </tr> <tr> <td>1</td> <td>\$ 417,000</td> </tr> </table>	Units	Maximum Loan Amount	1	\$ 417,000	<p>\$ 650,000</p>																											
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<p>6. LOAN AMOUNT AND LTV LIMITATIONS</p>	<p>PRIMARY RESIDENCES</p> <table border="1"> <thead> <tr> <th colspan="5">Rate & Term and Cash Out Refis</th> </tr> <tr> <th>Units</th> <th>LTV</th> <th>CLTV</th> <th>DU Decision</th> <th>Credit Score</th> </tr> </thead> <tbody> <tr> <td>1 Unit</td> <td>80%</td> <td>80%</td> <td>Approved</td> <td>620</td> </tr> </tbody> </table>	Rate & Term and Cash Out Refis					Units	LTV	CLTV	DU Decision	Credit Score	1 Unit	80%	80%	Approved	620	<p>PRIMARY RESIDENCES</p> <table border="1"> <thead> <tr> <th colspan="4">Rate & Term/Cash Out</th> </tr> <tr> <th>Loan Amount</th> <th>LTV²</th> <th>CLTV²</th> <th>Minimum FICO</th> </tr> </thead> <tbody> <tr> <td>\$ 650,000</td> <td>80%</td> <td>80%</td> <td>700</td> </tr> </tbody> </table> <p>¹Cash Out Limits:</p> <table border="1"> <tr> <td>Primary Residence 1 – Unit</td> <td>Max Cash out for > 65 and ≤ 80 LTV/CLTV is \$250,000</td> </tr> <tr> <td>Condominiums PUD</td> <td>Max Cash Out for ≤ 65TLV/CLTV is \$ 350,000</td> </tr> </table> <p>²Declining Market Maximum LTV/CLTV: (call underwriter for market grade)</p> <ul style="list-style-type: none"> • B Market: Reduce Max LTV/CLTV by 5% • C Market: Reduce Max LTV/CLTV by 10% • D Market: Reduce Max LTV/CLTV by 15% 	Rate & Term/Cash Out				Loan Amount	LTV ²	CLTV ²	Minimum FICO	\$ 650,000	80%	80%	700	Primary Residence 1 – Unit	Max Cash out for > 65 and ≤ 80 LTV/CLTV is \$250,000	Condominiums PUD	Max Cash Out for ≤ 65TLV/CLTV is \$ 350,000
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<p>7. SECONDARY FINANCING</p>	<p> Ÿ No new secondary financing permitted Ÿ Existing subordinate financing not subject to Section 50(a)(6) may be subordinated. Refer to #4 Types of Financing for second lien requirements to 50(a)(6) Ÿ No third liens permitted Ÿ Refer to #6 Loan Amount and LTV Limitations Ÿ HELOC not eligible for secondary financing </p>	
<p>8. PROPERTY TYPES</p>	<p>Eligible Property Types</p> <p>Ÿ 1-unit Ÿ PUDs Ÿ Condos – Fannie Mae warrantable projects Ÿ Acreage requirements:</p> <ul style="list-style-type: none"> • If adjacent property is owned, the file must show that the subject property is a separate parcel and does not include the additional lot • <u>Urban Property</u> <ul style="list-style-type: none"> Ÿ Maximum 10 acres and Ÿ The municipality provides police and fire protection (paid or volunteer) and 3 of the following services: <ul style="list-style-type: none"> • Electric • Natural Gas • Sewer • Storm Sewer • Water • <u>Rural Property</u> <ul style="list-style-type: none"> Ÿ Property is considered rural if the municipality does not provided police and fire protection or any of the above services. Ÿ Rural property for a family – 200 acres or less Ÿ If the definition of a rural property cannot be met and there is an excess of 10 acres, all acreage exceeding 10 acres must be subdivided or the loan is ineligible. <p>Ineligible Property Types</p> <p>Ÿ 2-4 units Ÿ Manufactured homes Ÿ Co-ops Ÿ Agricultural zoning</p>	<p>Eligible Property Types</p> <p>Ÿ 1-unit Ÿ PUDs Ÿ Condos</p> <ul style="list-style-type: none"> • Fannie Mae warrantable projects • Condos 1-4 stories <p>Ÿ Modular Pre-Cut/Panelized Housing Ÿ Maximum acreage: 10 acres</p> <ul style="list-style-type: none"> • If adjacent property is owned, the file must show that the subject property is a separate parcel and does not include the additional lot <p>Ineligible Property Types</p> <p>Ÿ 2-4 units Ÿ Manufactured homes Ÿ Co-ops Ÿ Mid/high-rise condos (over 4 stories) Ÿ Agricultural zoning</p>

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9. OCCUPANCY	Primary Residence							
10. GEOGRAPHIC LOCATIONS / RESTRICTIONS	Y Texas							
11. ASSUMPTIONS	No Permitted							
12. ESCROW WAIVERS	Allowed 680 FICO							
13. PREPAYMENT PENALTY	None							
14. UNDERWRITING	<p>Automated Underwriting Requirements Y All loans must be submitted to Desktop Underwriter Version 8.0 by Classic Home Financial</p>	<p>Manual Underwrite is required for all loans</p> <ul style="list-style-type: none"> • Each loan is to be underwritten manually to the product and policy guidelines indicated on the product summary • Refer to section #23, AUS Requirements for additional guidance 						
15. PROCESSING STYLES	Standard	Full Income						
16. BORROWER ELIGIBILITY	<p>Permanent Resident Aliens Y Borrower must live and be employed in the U.S.</p> <p>Non-Permanent Resident Alien Y Must be a legal resident of the U.S. as evidenced by social security number Y Borrower must be employed in the U.S. Y Tax Identification Number (TIN) is not acceptable</p> <p>Trust Agreements Y Not permitted</p>	<p>Permanent Resident Aliens Y Verify Alien Registration Card</p> <p>Non-Permanent Resident Alien (Not co-borrowing with a Permanent Resident Alien or US Citizen) Y Must provide one of the following Visas: H-1B, L-1, E-1, G series (G-1, G-2, G-3, G-4), TN TC Y Funds held outside the U.S. must be deposited into a U.S. financial institution prior to underwriting. Evidence must be provided that the funds were transferred from a foreign country and that the funds were the borrowers prior to the transfer.</p> <p><u>Primary Residence Equity Refis</u></p> <table border="0"> <tr> <td><u>Units</u></td> <td><u>LTV</u></td> <td><u>CLTV</u></td> </tr> <tr> <td>1</td> <td>75%</td> <td>75%</td> </tr> </table> <p>Y 2-year satisfactory credit history & stable employment (at least 1 year in U.S. supplemented by credit history & employment history established in country of origin) Y 2-year history of residence provided on application</p>	<u>Units</u>	<u>LTV</u>	<u>CLTV</u>	1	75%	75%
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		<p><u>Trust Agreements</u> ☒ Not permitted</p>
17. CO-BORROWERS	All borrowers must occupy subject property	
18. CREDIT	<p>☒ DU Approve <u>Minimum credit score 620</u> ☒ Housing (Mortgage/Rental) Payment History (PITIA) is inclusive of all liens regardless of position, as well as all occupancy types <u>DU Approve</u></p> <ul style="list-style-type: none"> • Mortgage History evaluated by AUS • Mortgage/Rental Delinquencies – Loans will be ineligible: <ul style="list-style-type: none"> ☒ With one or more mortgage/rental delinquency of 60, 90, 120, 150 days or greater reported within 12 months of the date of the credit report ☒ Short payoff related to a delinquent mortgage obligation within the last seven years ☒ Participation in a restructure of the mortgage due to delinquency ☒ Requires 48 month period to reestablish credit <p>☒ Bankruptcy/Foreclosure/Deed-in-Lieu</p> <ul style="list-style-type: none"> • Measures by discharge or dismissal date 	<p>☒ Minimum 700 credit score ☒ No mortgage/rental lates in the last 12 months ☒ CHF Bank Bankruptcy and Foreclosure guidelines apply</p> <p><u>Verbal Verification of Employment</u> ☒ Obtain a Verbal VOE for all borrowers within <u>10 calendar days</u> from the note date for employment income and within 30 days for self-employment income</p>
19. ASSETS	<p>Borrower Investment ☒ N/A</p> <p>Seller Contributions ☒ N/A</p> <p>Gifts ☒ N/A</p> <p>Reserves ☒ Reserve requirement determined by DU</p>	<p>Borrower Investment ☒ N/A</p> <p>Seller Contributions ☒ N/A</p> <p>Gifts ☒ N/A</p> <p>Reserves Reserves must come from borrowers own funds. Must be verified PITIA (inclusive of HOA fees, if applicable) reserves remaining after closing, exclusive of closing costs, cash out received, and proceeds from home equity transactions:</p> <p>Loan Amount/Combined Loan Amount < \$1 million</p> <ul style="list-style-type: none"> • DTI > = 35% <ul style="list-style-type: none"> ☒ Minimum 12 months liquid reserves (inclusive of HOA fee, if applicable) and exclusive of cash out funds,

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		<p>business assets (other than schedule C).</p> <ul style="list-style-type: none"> ÿ Max 6 months of reserves (inclusive of HOA fee, if applicable) • DTI < 35% <ul style="list-style-type: none"> ÿ Minimum 6 months liquid reserves (inclusive of HOA fee, if applicable) ÿ Exclusive of 401k/SEP accounts, cash out funds, business assets (other than schedule C). See below for other Ineligible Reserves <p><u>Ineligible source for reserves include:</u></p> <ul style="list-style-type: none"> ÿ Business Assets (other than schedule C) ÿ Cashout Proceeds ÿ Bridge Loans ÿ Loans secured by other assets ÿ Proceeds from the sale of non-real estate assets <p><u>Retirement Account Funds</u></p> <ul style="list-style-type: none"> ÿ Funds from Retirement Accounts must be reduced by 50%
<p>20. APPRAISER REQUIREMENTS</p>	<p>Must have current appraiser license Must be ordered through DART</p>	
<p>21. APPRAISAL REQUIREMENTS</p>	<p>ÿ All Properties in Texas require interior/exterior appraisal regardless of DU recommendation</p>	<p>Maximum financing is not available on properties in declining markets.</p> <p>Restrictions on Age of Comparable.</p> <ul style="list-style-type: none"> ÿ One Full URAR is required with loan amounts less than \$850,000 • Two Full URAR is required with loan amounts greater than \$850,000 ÿ Refer to the GMAC Bank Broker/Correspondent Lending Manual
<p>22. MORTGAGE INSURANCE</p>	<p>None</p>	
<p>23. SPECIAL REQUIREMENTS RESTRICTIONS</p>	<p>ÿ Loan may not close until 12 days after the later of</p> <ul style="list-style-type: none"> • Receipt by the originator of a signed and dated loan application OR • Receipt by the customer of the “Notice Concerning Extension of Credit” – NO EXCEPTIONS • CHF defines receipt as the date the borrower signs the document <p>ÿ The borrower must be provided a complete and accurate copy of the final HUD-1 or HUD-1A Settlement Statement no later than one business day prior to loan closing. Borrowers must sign Borrower’s Certification of Receipt of Settlement Statement and the Accuracy Thereof at closing.</p> <p>ÿ Both borrowers must execute the mortgage. However, both spouses are not required to be partied to the promissory note. All individuals on title and their spouses must sign all Texas Cash Out documents</p> <p>ÿ Borrowers must be provided a copy of all documents signed at closing and sign the Texas Home Equity Receipt of Copies. The documents may not contain blank spaces</p> <p>ÿ All loans must contain a Texas Home Equity Loan Closing Instructions Addendum</p>	

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Y Loan must be closed by an attorney or title company or in the Lender's office. No closing by mail or phone

Y The following forms must be executed and included in the final funding package:

- Texas Home Equity Affidavit Agreement (Form # 3185)
- Texas Home Equity Discount Point Acknowledgement, if applicable
- Federal Notice of Right to Rescind
- In addition to the borrower, the Lender must sign the Acknowledgment of Fair Market Value of Homestead property at closing with an appraisal attached to the Acknowledgment
- Rural Homestead Affidavit (if property is more than 10 acres)
- Notice of No Oral Agreements signed by lender and borrower

Y Use the following forms at closing:

- Texas Home Equity Security Instrument (Form # 3044.1)
- Texas Home Equity Note (Form # 3244.1)
- Texas Home Equity Condo Rider, if applicable (Form # 3140.44)
- Texas Home Equity PUD Rider, if applicable (Form # 3150.44)

Y Title Policy must include T42 and T42.1

Y Power of Attorney not permitted