

RECENT CREDIT EVENT

PROGRAM ID: SP M2

Program Description: Recent Credit Event

Products and Terms:

5/1 ARM: Fully Amortizing

5/1 ARM: With 7 or 10 year Interest Only period

7/1 ARM: Fully Amortizing

7/1 ARM: With 10 year Interest Only period

Eligible borrowers: Borrowers must have been continuously employed for two years, self-employed borrowers must have been operating the same business for two years

Maximum debt to income ratio: 46%

Minimum credit score: 660, based on no less than three trade lines established for one or more years, no history of foreclosure or bankruptcy over past 18 months, no late mortgage or rental payments over past year and no late installment debt over past six months

Loan amounts and loan to value limits:

Purchase and rate & term refinance	Cash-out	Max Cash-out (Seasoning rules apply)
75% to \$850,000	70% to \$850,000	\$250,000 at 70% \$400,000 at 65%

Acceptable occupancy: Primary residences (no second home or investor occupancy properties)

Acceptable property types: Single family and Fannie eligible condominiums

Required reserves: 4 months

Payment shock restriction: Proposed housing expense cannot exceed 250% of current housing expense*

Acceptable states: 50 states

Acceptable borrowers: US Citizens and permanent resident aliens only

ARM re-prices at 1 year LIBOR + 3.99% subject to 5% Initial, 2% periodic and 5% lifetime caps

Escrow for taxes and insurance