



PRIMARY RESIDENCE – PURCHASE AND RATE /TERM REFINANCE				
Property Type	Minimum LTV	Maximum LTV/CLTV/HCLTV	Minimum Credit Score	Maximum Loan Amount
1-Unit Warrantable Condo PUD	80.01%	97%	720	\$650,000
	80.01%	95%	700	\$650,000
	80.01%	90%	720	\$850,000

PROGRAM SUMMARY

Adjustable rate, fully amortizing, first lien mortgage loan program.

PRODUCTS OFFERED

Product Name	Term	ARM Disclosure
Doctor 5/1 LIBOR ARM	30 years	Doc. #3382
Doctor 7/1 LIBOR ARM	30 years	Doc. #3381

LOAN AMOUNTS

MAXIMUM

\$850,000

MINIMUM

\$20,000

ELIGIBLE BORROWERS

At least one borrower must hold one of the following valid license types:

- Medical Resident (Educational License)
- Medical Doctor (MD)
- Doctor of Dental Science (DDS)
- Doctor of Dental Medicine or Surgeon (DMD)
- Doctor of Optometry (OD)
- Doctor of Ophthalmology (MD)
- Doctor of Podiatric Medicine (DPM)
- Doctor of Osteopathy (DO)
- At least one occupying borrower must hold a valid license and be employed in one of the previous professions

INELIGIBLE BORROWERS

- Non-resident aliens (foreign nationals)
- Non-permanent resident aliens
- All trusts
- Land trusts, except for Illinois Land Trust
- Non-occupant co-borrowers

- Limited partnerships, general partners or corporations
- Non-arms-length transactions

ELIGIBLE PROPERTY TYPES

- 1 unit properties
- Fannie Mae warrantable condominiums
- Planned unit developments (PUDs)
- Modular homes

INELIGIBLE PROPERTY TYPES

- Non-Fannie Mae warrantable condominiums
- Cooperative properties
- Manufactured homes

MINIMUM CREDIT SCORES

Refer to eligibility grid above based on the lower of 2 or the middle of 3 credit scores for each borrower. Non-traditional credit is not eligible.

QUALIFYING RATE

5/1 ARM	Greater of fully-indexed or note rate plus 2%
7/1 ARM	Greater of fully-indexed or note rate

QUALIFYING RATIOS & RESERVES

Loan Type	Max DTI	Reserves ¹
All loans	43%	3 Months PITI

1. Genworth requires loan amounts greater than \$650,000 to document 6 months reserves.

Deferred student loan payments of the borrower meeting medical licensing requirements may be excluded from the DTI ratio if there is evidence that the student loan payment will be deferred for a minimum of 12 months after the loan closing date. Deferred student loan debt of additional borrowers without the required medical licensing must be included in DTI calculation.

SUBORDINATE FINANCING

Refer to the Subordinate Financing section of the *Conventional Underwriting Guidelines* for details. Eligible to maximum allowable LTV.

INTERESTED PARTY CONTRIBUTIONS

Interested party contributions include funds contributed by the property seller, builder, real estate agent/broker, mortgage lender, or any other party with an interest in the real estate transaction. Interested party contributions may be used exclusively to cover closing costs and prepaid expenses.

INTERESTED PARTY CONTRIBUTION LIMITS		
CLTV	Up to 90%	Up to 97%

INTERESTED PARTY CONTRIBUTION LIMITS

Primary Residence	Maximum 6%	Maximum 3%
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TEMPORARY BUYDOWNS

Not allowed.

UNDERWRITING

All loans must be manually underwritten to the parameters set out in Flagstar's current Conventional Underwriting Guidelines. If Fannie Mae or Freddie Mac requirements differ, this program must follow Fannie Mae. Third Party Originations are not eligible. All new construction property loans must have a Certificate of Occupancy.

UNDERWRITING SUBMISSIONS

- Loans must be underwritten by an approved mortgage insurance provider which may have additional requirements.
- Delegated/Elite underwriting is not eligible.
- At least one borrower must supply evidence of medical license
- If employed less than 2 years:
 - Borrower must supply a contract for employment or residency identifying terms with evidence that all contingencies have been met
- Salaried to supply current paystub and W-2 (if applicable)
- Self-employed employment:
 - Minimum 2 year of self-employment
 - If the period of self-employment is greater than one year but less than two years the borrower must have at least two years of documented previous successful employment in the line of work in which the individuals is self-employed, or in a related occupation. A combination of one year of employment and formal education or training in the line of work in which the individual is self-employed or in a related occupation is also acceptable.
 - Two most recent year's signed, personal and business federal tax returns
 - Prior year's W-2
- Income, employment and assets are stated and verified. Documentation may not be more than 90 days from date note is signed.
- Borrowers must have two years consistent employment with the same employer or in the same industry.
- Borrowers with a pending employment contract:
 - Projected income is acceptable for qualifying purposes for a borrower scheduled to start a new job within 60 days of loan closing if there is a guaranteed, non-revocable, contract for employment.
 - Any conditions contained within the contract or offer letter must be met
 - Contract executed by employer and borrower or borrower acceptance letter must be provided

- Sufficient income or cash reserves (in addition to base program reserve requirements) to support the mortgage payment and any other obligations between loan closing and the start of employment must be documented.
- The income does not qualify if the loan closes more than 60 days before the consumer starts the new job.
- Standard FNMA full documentation is required (2 years W2s and current pay stub, etc.). Pay stubs must be computer generated. Handwritten pay stubs require a borrower to provide tax returns and all schedules.
- The following income documentation must be provided for each borrower whose income is used to qualify:

Employment Income	
Income Type	Required Documentation
Salaried	<p>An earnings trend must be established and documented. Large increases in salary over the previous two years must be explained and documented.</p> <ul style="list-style-type: none"> • W-2 forms for prior two years. • Year-to-date pay stub up through and including the most current pay period at the time of application. • If borrower is claiming overtime pay, it must be shown on the YTD pay stub.
Hourly & Variable Income	<p>An earnings trend must be established and documented. Stable to increasing income should be average over a minimum two year period. When declining income has occurred, the most recent 12 months should be used. In all cases, the decline in income must be analyzed to determine if the rate of decline would have a negative impact on the continuance of income and the borrower's ability to repay. Declining income must be explained by the employer/borrower and a written determination by the underwriter must be provided if declining income is used for qualifying.</p> <ul style="list-style-type: none"> • W-2 forms for prior two years. • Year-to-date pay stub up through and including the most current pay period at the time of application.
Part-Time Income	<p>Borrower must have worked the part-time job uninterrupted for the past two years, and plans to continue. When declining income has occurred, the most recent 12 months should be used. In all cases, the decline in income must be analyzed to determine if the rate of decline would have a negative impact on the continuance of income and the borrower's ability to repay. If the part-time income shows a continual decline, income should not be used.</p> <ul style="list-style-type: none"> • W-2 forms for prior two years. • Year-to-date pay stub up through and including the most current pay period at the time of application
Commission	<p>Commission income must be averaged over the previous two years. When declining income has occurred, the most recent 12 months should be used. In all cases, the decline in income must be analyzed to determine if the rate of decline would have a negative impact on the continuance of income and the borrower's ability to repay. If the commission income shows a continual decline, income should not be used.</p> <ul style="list-style-type: none"> • W-2 forms for prior two years if commissions are less than 25% of the total income. • Tax returns, including all schedules, and W-2 form from the previous two years if commissions are \geq 25% of the total income. • Unreimbursed business expenses (form 2106) must be subtracted from income. • Year-to-date pay stub up through and including the most current pay period at the time of application.

Employment Income	
Income Type	Required Documentation
Overtime & Bonus	<p>An earnings trend for bonus and overtime must be established and documented. A period of more than two years must be used in calculating the average overtime and bonus income if the income varies significantly from year to year. When declining income has occurred, the most recent 12 months should be used. In all cases, the decline in income must be analyzed to determine if the rate of decline would have a negative impact on the continuance of income and the borrower's ability to repay. If either type of income shows a continual decline, income should not be used.</p> <ul style="list-style-type: none"> • W-2 forms for prior two years. • Year-to-date pay stub up through and including the most current pay period at the time of application.
Returning to Work After an Extended Absence	<p>For a Borrower who has less than a two-year employment and income history, the Borrower's income may be qualifying income if the Mortgage file contains documentation to support that the Borrower was either attending school or in a training program immediately prior to their current employment history. School transcripts must be provided to document.</p> <p>A borrower's income may be considered effective and stable when recently returning to work after an extended absence if he/she:</p> <ul style="list-style-type: none"> • Is employed in the current job for six months or longer; and • Can document a two year work history prior to an absence of employment using: <ul style="list-style-type: none"> ○ Traditional employment verifications; and/or ○ W2 forms, for prior 2 years
Projected Income	<ul style="list-style-type: none"> • Projected income is acceptable for qualifying purposes for a consumer scheduled to start a new job within 60 days of loan closing if there is a guaranteed, non-revocable contract for employment. • Creditor must verify that the consumer will have sufficient income or cash reserves to support the mortgage payment and any other obligations between loan closing and the start of employment. Examples of this type of scenario are teachers whose contracts begin with the new school year, or physicians beginning a residency after the loan closes. • The income does not qualify if the loan closes more than 60 days before the consumer starts the new job.
Employment Gaps	<p>If gap is in excess of 30 days during the past two years, a satisfactory letter of explanation is required and the borrower must be employed with current employer for a minimum of six months. Gaps in employment due to the borrower attending training or schooling for a specific profession must be documented with diploma, transcripts, etc. See VOE requirements.</p>
Borrower's planning to retire within the first three-year period of the mortgage	<p>Effective income for borrower's planning to retire during the first three-year period must include the amount of:</p> <ul style="list-style-type: none"> • Documented retirement benefits; • Social Security payments; or • Other payments expected to be received in retirement
Self-Employed Income	<p>Self-employed borrowers are defined as those individuals who have 25% or greater ownership interest or receive a 1099 statement to document income.</p> <ul style="list-style-type: none"> • When declining income has occurred, the most recent 12 months should be used. In all cases, the decline in income must be analyzed to determine if the rate of decline would have a negative impact on the continuance of income and the borrower's ability to repay. • A signed 4506T for each business will be required for all business' in which the business income/loss is being used to qualify the borrower(s).

Employment Income	
Income Type	Required Documentation
	<ul style="list-style-type: none"> If the borrower has self-employed income and/or zero income reported, and it is not needed to qualify, it is not required to obtain the P&L and balance sheet. If the borrower has a loss, regardless of the amount, the documentation will be required on the self-employment type and will be used to qualify the borrower(s).
Borrower Employed by Family Member	<p>Borrowers who are employed by a family member are considered to be self-employed, regardless of the percentage of ownership, and self-employed documentation is required. Potential ownership by the borrower must be addressed. The underwriter must clarify potential ownership by the borrower. A borrower may be an officer of a family operated business but not an owner.</p> <ul style="list-style-type: none"> Written verification of the borrower's status should be obtained by written confirmation from an accountant or legal counsel. Borrowers must provide the preceding two years signed, dated individual and business (if applicable) tax returns, with all supporting schedules YTD pay stub up through and including the most current pay period at the time of application. W-2 forms, for prior two years
Sole Proprietorship	<ul style="list-style-type: none"> Current YTD P&L through the most recent quarter. YTD balance sheet through the most recent quarter. Personal tax returns, including all schedules, for prior two years. <p>Note: only depreciation and depletion may be added back.</p>
Partnerships (General, Limited) Limited Liability Companies, "S" Corporations Corporations	<ul style="list-style-type: none"> Current YTD P&L through the most recent quarter. YTD balance sheet through the most recent quarter. Personal tax returns, including all schedules, for prior two years. K-1s from prior two years, showing ownership percentage. K-1s are not required if the source is reporting positive income and the income is not used for qualification. If K-1s show a loss, they are required, regardless if they are used for qualifying purposes. If using capital gains, interest/dividend or W2 income from this source is used, K-1s are required. Business tax returns (1065/1120), including all schedules, for the prior two years are required if the borrower has an ownership percentage $\geq 25\%$; they are not required if reporting positive income via a K-1, and the income is not used for qualification purposes.

Rental Income	
Income Type	Required Documentation
All properties	<p>Rental income may be used to qualify if the rental income can be documented with two years tax returns or a lease agreement due to the property being acquired after the most recent tax returns were filed.</p> <ul style="list-style-type: none"> • When using tax returns to document rental income for qualifying a copy of the current lease for each rental property, including commercial properties, that is listed in Part 1 of schedule E of the 1040, is required. • Personal tax returns, including all schedules, for prior two years. • For properties listed on Schedule E of the borrower's tax returns, net rental income should be calculated as (Income + depreciation + interest + taxes + insurance + HOA (if applicable) divided by the applicable months minus the current PITI. <ul style="list-style-type: none"> ○ If the subject property is the borrower's primary residence and generating rental income, the full PITI must be included in the borrower's total monthly obligations. • If rental income is not available on the borrower's tax returns, a current executed lease agreement is required. Net rental income should be calculated as the gross monthly rent multiplied by 75%. • Net rental income must be added to the borrower's total monthly income. Net rental losses must be added to the borrower's total monthly obligations.
Departing Residence	<p>When a borrower vacates a principal residence in favor of another principal residence, the rental income, reduced by the appropriate vacancy factor, may be considered in the underwriting analysis under the following circumstances:</p> <ul style="list-style-type: none"> • Sufficient Equity in Vacated Property: <ul style="list-style-type: none"> ○ The borrower has an LTV, CLTV or HLTV of 70% or less as determined by a residential appraisal dated within 6 months. ○ Full appraisal or exterior only appraisal allowed.

Retirement Income	
Income Type	Required Documentation
Pension, Annuity, and IRA distributions	<ul style="list-style-type: none"> • Fixed income payments such as social security or pension income can be used at full value/distribution and may not be considered in any annuitization calculation. • Existing distribution of assets from an IRA, 401K or similar retirement asset account must be sufficient to sustain income continuance for the first three years of the loan <ul style="list-style-type: none"> ○ Verification of the assets of the plan and verification of receipt of the distribution of at least six (6) months is required, Note: Distributions from asset accounts cannot be set up, or changed, solely for loan qualification purposes
Social Security Income	<ul style="list-style-type: none"> • Benefits (for children or surviving spouse) with a defined expiration date must have a remaining term of at least three years. • Documentation must include a copy of the Social Security Administration's award letter. <ul style="list-style-type: none"> • If SSA Benefit verification letter does not indicate a defined expiration date within three years of loan origination, the creditor shall consider the income effective and likely to continue. Pending or current reevaluation of medical eligibility for benefit payments is not considered an indication that the benefit payments are not likely to continue. • See non-taxable income for social security income treatment.

Other Income	
Income Type	Required Documentation
Alimony, Separate Maintenance & Child Support Income	<ul style="list-style-type: none"> Will be considered with a divorce decree, court ordered separation agreement, court decree, or other legal agreement providing the payment terms confirming that income will continue for at least the first three years of the loan three (3) years. Documentation evidencing that the borrower has been receiving full, regular, and timely payments for the past 12 months. See non-taxable income for child support income treatment.
Capital Gains	<p>Capital gains for like assets may be considered as effective income. The earnings trend or loss must be considered in the overall analysis of this income type. If the trend results in a gain, it may be added as effective income. If the trend consistently shows a loss, it must be deducted from the total income.</p> <ul style="list-style-type: none"> Tax returns for the prior three years, including Schedule D. Gains must be consistent amounts from consistent sources. Verified assets to support continuance must be documented.
Dividend/Interest	<p>Interest and Dividend income may be used as long as documentation supports a two-year history of receipt.</p> <ul style="list-style-type: none"> Tax returns for the prior two years Proof of asset(s) to support the continuation of interest and dividend income.
Stock Options & Restricted Stock Grants	May not be used as qualifying income.
Note Income	<ul style="list-style-type: none"> A copy of the Note must document the amount, frequency and duration of payments Regular receipt of note income for the past 12 months must be documented, and evidence of note income must be reflected on tax returns. Verification that income is expected to continue for the first three years of the loan
Trust Income	<p>Income from trusts may be used if guaranteed and regular payments will continue for the first three years of the loan</p> <ul style="list-style-type: none"> Regular receipt of trust income for the past 12 months must be documented. A copy of the Trust Agreement or Trustee Statement showing: <ul style="list-style-type: none"> Total amount of borrower-designated trust funds Terms of payment Duration of trust Portion of income that is not taxable Non-taxable trust income must include proof of distribution.
Foreign Income	<p>Foreign income may be used only if its stability and continuance can be verified.</p> <ul style="list-style-type: none"> Personal tax returns, including all schedules, for prior two years. Year-to-date pay stub up through and including the most current period at the time of application. All income must be converted to U.S. currency. <p>Note: Foreign Earned Self Employment Income is not acceptable.</p>
Non-Taxable Income including child support, disability, foster care, military, etc.	<ul style="list-style-type: none"> Documentation must be provided to support continuation of income for a minimum of three (3) years. Tax returns must be provided to confirm income is non-taxable. Income may be grossed up by the applicable tax amount (must use the tax rate to calculate the consumers last year's income tax). If the consumer is not required to file a tax return, the tax rate to use is 25%.

Other Income	
Income Type	Required Documentation
Trailing Co-borrowers	Income from trailing co-borrowers will not be considered.

Unacceptable Income	
Unacceptable income sources include, but are not limited to	<ul style="list-style-type: none"> • Any unverified source • Income that is temporary or a one-time occurrence • Rental income received from the borrower’s single family primary residence or second home. • Retained earnings • Education benefits

- Income with a defined expiration date must continue for at least the first three years of the mortgage.
- IRS 4506-T is required for all loans. The 4506-T must be executed to validate all income used for qualifying prior to closing and acceptable results must be returned from the IRS prior to receiving a Clear to Close.
 - In the case where taxes have been filed and the tax transcripts are not available from the IRS, the IRS response to the request must reflect “No Record Found”. In these cases, an additional prior year’s tax transcript should be obtained. Large increases in income that cannot be validated through the tax transcript may only be considered for qualifying on a case by case basis.
 - In the case where taxes for the prior year have not been filed (between January 1 and the tax filing date (typically April 15) the following are required:
 - IRS form 1099 and W-2 forms from the previous year.
 - Loans closing in January prior to receipt of W-2’s may use the prior year year-end paystub. For borrowers using 1099’s, evidence of receipt of 1099 income must be provided.
 - Between the tax filing date and the extension expiration date (typically October 15), the following are required (as applicable):
 - Copy of the filed extension.
 - Evidence of payment of any tax liability identified on the federal tax extension form.
 - W-2 forms for corporations
 - Form 1099 for commission income.
 - Current year profit & loss (signed by the borrower).
 - Year-end profit and loss for prior year (signed by the borrower).
 - Balance sheet for prior calendar year if business is a sole proprietorship.
 - After the extension expiration date, loan is not eligible without prior year tax returns.
- Verbal VOE to be performed by Flagstar or it’s agent prior to closing using Flagstar’s *Verbal Verification of Employment*, Doc. #3240 or if self-employed, an independent written confirmation of self-employment is required (i.e., copy of business license reflecting ownership of company, corporate minutes, etc.). Two continuous years of self-employment in same business are required.
 - If borrower has been employed in current position for less than two years, VOE must be completed for all positions to verify that gaps are not in excess of 30 days within the last 24 months. Written explanation from borrower must be obtained.

- A Verbal Verification of Employment (VVOE) confirming the borrower's employment status is required for all borrowers whose income is used for qualification purposes. The VVOE should be completed within 10 business days before the Note date (or funding date for escrow states) for wage income.
- Verification of self-employed businesses by a third-party source should be obtained within 30 calendar days from the Note date (or funding date for escrow states).

CREDIT REQUIREMENTS

- Current mortgage payment or rental history 0 x 30 late for most recent 12 months; no more than 1 x 30 for last 24 months.
- Installment and revolving debt 0 x 30 late for most recent 12 months; no more than 1 x 30 for last 24 months.
- Judgments, liens, collections and charge-offs: must be paid off, disputed collections may remain open to Max \$250 per account or \$1,000 in total.
- Following adverse credit events not eligible within 5 years prior to loan application:
 - Bankruptcy
 - Foreclosure
 - Deed-in-lieu
 - Short sale
- All borrowers that are contributing income for qualifying purposes must meet the following tradeline requirements:
 - Minimum 3 institutional credit lines open and active for the previous 12 months
 - Borrowers not contributing income for qualifying purposes are not subject to minimum tradeline requirement

DEPARTURE RESIDENCE PENDING SALE:

In order to exclude the payment for a borrower's primary residence that is pending sale but will close after the subject transaction, the following requirements must be met:

- A copy of an executed sales contract for the property pending sale and confirmation all contingencies have been cleared/satisfied. The pending sale transaction must be arm's length
- The closing date for the departure residence must be within 30 days of the subject transaction note date
- 6 months liquid reserves must be verified for the PITIA of the departure residence.

ASSETS

- Minimum 3% of funds must be from the borrower's own resources. Remaining funds may come from a gift per the Conventional Underwriting Guidelines, an acceptable FNMA eligible *Community Seconds Programs*, Doc. #5932 or an approved *Gift/Grant Programs*, Doc. #5935.
- Business funds may be used for down payment and/or closing costs but cannot be used in the reserve calculation. Cash flow analysis required using 3 months business bank statements to determine no negative impact to business based on withdrawal of funds. Funds must be available to the borrower prior-to and after closing. Proceeds from the transaction (i.e. refinance proceeds, etc.) or sale of assets may not be used to meet cash reserves requirements. Documentation may not be more than 90 days old at the time of close.

- All EMD funds must be verified. If EMD reflected on 1003 is different than the EMD disclosed on the PA, the underwriter will require verification of those funds.
- In addition to the minimum PITI reserve requirements, borrowers must also disclose and verify all other liquid assets.

APPRAISAL REQUIREMENTS

- Appraisal is required on the applicable standard Fannie Mae form #1004 (Rev. 5/2005). All condominiums must be submitted on Form #1073 (Rev. 5/2005). No other limited appraisals (including Form #2055, 2095 and 1075) will be accepted.
- Interior photos must be included of all rooms.
- Appraiser must address current MLS listing price and history in the report.
- If transaction includes seller concessions the appraiser must include comps that had seller concessions.
- Escrow holdbacks are not eligible.
- Appraisals identified as being located in a declining market should be given additional scrutiny to ensure the value is supported by the most recent sales and market data and that all of the appraiser comments are taken into consideration.
- If the appraisal indicates subject property is in a flood zone, but CoreLogic Flood Determination does not, a corrected appraisal is required.
- A minimum of three comparable sales (must be actual closed sales).
- On newly constructed projects, properties within a condominium or PUD project must provide at least one comparable sale that is outside the development.
- Appraisals must be dated within 120 days from date Note is signed. After the 120 day period a new appraisal will be required. Re-certification of value is not acceptable.
- The appraisal must analyze and report in reasonable detail the sales history for the past 36 months for the subject property and the last 12 months for any comparable sales used in the report.
- The appraisal must analyze any current purchase agreement, option or listing for the subject property within the last 12 months.
- The broker or correspondent is responsible for ensuring that the appraisal vendor is made aware of the requirements of this program when placing their order. Flagstar will not request enhancements to reports that do not meet program guidelines, nor be responsible for any fees incurred to update an appraisal report to comply with these requirements.

All appraisals for loans under this product must be reviewed by the Appraisal Review Department. Please allow additional time for loan approval.

Broker and non AIR compliant Correspondent appraisals must be ordered through Loantrac. Appraisals will be eligible from any approved AMC listed in *Appraisal Management Companies*, Doc. #4903.

Broker or Correspondent is required to provide a Collateral Desktop Analysis (CDA), Value Reconciliation or Broker Price Opinion (BPO) from Clear Capital based on requirements outlined in *Clear Capital Product Requirement – Jumbo & Doctor Loans*, Doc. #4910.

MORTGAGE INSURANCE

Must be obtained from MGIC, Radian, Genworth or Essent.

STANDARD MORTGAGE INSURANCE GUIDELINES

All loans require mortgage insurance coverage according to the following guidelines.

LTV	Coverage Requirement
95.01 – 97%	35%
90.01 – 95%	30%
85.01 - 90%	25%
80.01 - 85%	12%

NEW YORK PROPERTIES

See *Conventional Underwriting Guidelines*.

For Single Financed Mortgage Insurance (SFMI) and Lender Paid Mortgage Insurance (LPMI) eligibility see *Single Financed Mortgage Insurance – Lender Paid Mortgage Insurance, Doc. #5010*.

TEXAS REFINANCE LOANS

All refinance loans in Texas will be evaluated against the criteria outlined in our *Conventional Underwriting Guidelines*, Texas Refinances section to determine if the loan must be originated under the requirements of Section 50(a)6 of the Texas Constitution. Loans that fall under Section 50(a)6 are not eligible.

STATE ELIGIBILITY

Available in the following states/territories with restrictions. States/territories not listed are available without restrictions.

State	Restriction
None	None

PREPAYMENT PENALTY

None

ADJUSTABLE RATE DETAILS

Interest Rate Adjustment Caps	5/1 ARM Initial – 2% up/down; Subsequent – 2% up/down; Lifetime – 5% up
	7/1 ARM Initial – 5% up/down; Subsequent – 2% up/down; Lifetime – 5% up
Margin	See <i>Price Indication Sheet</i>
Index	1-Year LIBOR (London Interbank Offer Rate)
Interest Rate Floor	The interest rate floor is equal to the margin
Change Dates ²	5/1 The first change date is the 60th payment due date.
	7/1 The first change date is the 84th payment due date.
Conversion Option	None
Assumption	Subject to conditions, fees and rate adjustment
Negative Amortization	None

2. There is a new change date every twelve (12) months thereafter the initial change date.

CLOSING DOCUMENTATION – CORRESPONDENT TRANSACTIONS

Closing docs may be ordered through Flagstar's Web-Based Closing Docs (WBCD) service available on Loantrac.

ALL LOANS:

- Fannie Mae/Freddie Mac Uniform Security Instrument, 3000-series
- Fannie Mae Note 3528
- Fannie Mae Rider 3187
- Standard title commitment with all applicable endorsements

IF APPLICABLE:

- Fannie Mae/Freddie Mac multi-state Condo Rider, Form #3140
- Fannie Mae/Freddie Mac multi-state PUD Rider, Form #3150