

Indymac Bank – Guide to Conforming Loan Limit Increases

Introduction

The Economic Stimulus Act of 2008, signed into law on February 13, 2008, establishes temporary increases GSE loan limits for first lien mortgage loans in high-cost areas. The purpose of this Announcement is to outline Indymac Bank’s requirements for the origination and underwriting of “Agency Jumbo” mortgage loans. Unless otherwise stated in this announcement, or referenced in Indymac Bank’s Agency Eligible section of our Lending Guide, all requirements of Fannie Mae’s Selling Guide apply to jumbo-conforming mortgage loans.

Loan Limits

Indymac Bank will fund conforming (GSE) mortgages secured by one-unit properties only. The new loan limits are applicable only to high-cost areas and will be calculated based on the location of the subject property. See the attached bulletin (“GSE – Increased Loan Limits”) for the maximum loan limit available in a given county.

Loan Eligibility for “Agency Jumbo” Mortgage Loans

- Loans must be conventional first lien mortgages only
- Loans must have been originated (based on the date of the mortgage note) on or after March 1, 2008 up to and including December 31, 2008
- All loans must be manually underwritten. (See the attached “Processing Jumbo-Conforming Loans with Indymac Bank” for details).

Maximum LTV/CLTV and FICO Requirements

Loan Purpose	LTV	CLTV	Minimum FICO
Primary Residence			
Purchase	90%	90%	LTV>80%: 700 LTV≤80%: 660
Rate/Term Refi	75%	95%	660
Second Home and Investment Properties			
Purchase	60%	60%	660
Rate/Term Refi	60%	60%	660

Eligibility Requirements

Loan Characteristic	Eligibility Requirements
Eligible Product Types	30 Year Fixed
Property Type	1 Unit (SFR, PUD, Condo)
Occupancy by Loan Purpose	Primary, Second Home and Investment Properties are permitted for purchases and rate/term refinances

Refinance Guidelines	<p>Rate/Term Refinances only</p> <ul style="list-style-type: none"> ▪ New loan amount can include unpaid principal balance of the first mortgage that is being refinanced, points, closing costs, prepaid fees, and up to \$2,000 cash back to the borrower ▪ Primary residence: existing subordinate liens must be resubordinated; consolidation of a first lien with subordinate financing is not permitted ▪ Six months' minimum seasoning since most recent refinance or date of purchase is required
Credit	<ul style="list-style-type: none"> ▪ Minimum FICO scores apply per the above chart ▪ All borrowers must have a FICO score ▪ 0x30 payment history on all housing debts for the last 12 months (required for all mortgages and rental properties)
Reserves	<ul style="list-style-type: none"> ▪ Primary residence: two months' payments ▪ Second Home and investment properties: six months' payments ▪ Reserves must be calculated based on the PITI
DTI Ratio	<ul style="list-style-type: none"> ▪ 45% Maximum
Documentation Requirements	<ul style="list-style-type: none"> ▪ Full Documentation per the Indymac Bank Lending Guide is required
Maximum Number of Financed Properties	<ul style="list-style-type: none"> ▪ Limited to four, including the borrower's principal residence ▪ Applies to all occupancy types
Borrower Contribution	<ul style="list-style-type: none"> ▪ For purchase transactions, the borrower must contribute at least 5% from his or her own funds to the transaction, regardless of the LTV
Interested Party Contributions	<ul style="list-style-type: none"> ▪ Maximum of 3% is permitted for primary residences and second homes regardless of LTV ▪ Maximum of 2% is permitted for investment properties
Appraisals	<ul style="list-style-type: none"> ▪ Appraisal with interior and exterior inspection is required (Form 1004 or 1073, as applicable) ▪ For properties with value \$1,000,000 or greater Field Review (Form 2000) is also required if the LTV/CLTV is $\geq 75\%$

	<ul style="list-style-type: none"> ▪ Condominium requirements: two comparables must be from projects outside of the subject project ▪ Fannie Mae's Declining Markets Policy applies to mortgage loans with LTV/CLTV > 75%
Project Review	<ul style="list-style-type: none"> ▪ CPM Expedited Review or Lender Full Review process is required for attached units in both condominium and PUD projects. (The Limited Review process is not permitted)
Mortgage Insurance (MI)	<ul style="list-style-type: none"> ▪ Standard MI coverage is required if the LTV exceeds 80%.

Ineligible Products, Features, or Transaction Types

- Cash-Out refinances
- Cooperative projects
- Interest only products
- MyCommunityMortgage
- Temporary buydowns
- 2-4 unit properties