

June 16, 2011

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Internal Policy Announcement – Underwriting

CONFORMING GUIDELINE UPDATE

Bay Equity has updated the Conforming LTV/CLTV Guidelines and reduced the Orange Product overlays. A summary of the updates are below.

LTV/CLTV GUIDELINE UPDATE HIGHLIGHTS

- ✓ LTV's 75% and less for purchase/rate term Fixed allows credit scores down to 660
- ✓ Cash-out on 2-4 units Primary residence
- ✓ Cash-out on 2nd home
- ✓ Cash-out on Investment
- ✓ 2-4 units allowed on Investment rate-term
- ✓ Primary Residence Purchase or Rate-Term to 97% LTV/CLTV (subject to MI availability)
- ✓ Higher LTV's on Condos
- ✓ Higher LTV/CLTV for Agency Jumbo with LP
- ✓ Interest Only LTV added-offsheet pricing required

REDUCED OVERLAYS FOR OUR WHOLESALE ORANGE PRODUCT

- ✓ 2nd Home allowed
- ✓ Attached PUD, Condos and 2 units allowed
- ✓ Unpermitted additions allowed (no Unpermitted Accessory/Guest Units)
- ✓ Non-resident status allowed
- ✓ Added option for a desk or field review if AVM doesn't pass

WATCH FOR MORE UPDATES NEXT WEEK

- ✓ Updated condo questionnaires for full project review
- ✓ Condo & PUD matrix easy reference sheet
- ✓ Updated Conforming Guideline format

Updates will be reflected in EDGE by the end of the month. Refer to the below chart for new pricing adjustors that are being added to the rate sheet for our new expanded guidelines.

PRICING ADJUSTOR REFERENCE

ORANGE		AGENCY	
Condo	.75	LTV 95.01 – 97%	.5
2 unit	1.0	Non-Owner 75.01 – 80%	3.0
Cashout: 680-699; 75.01-80% LTV	1.375	Cashout: 680-699; 75.01-80% LTV	1.375
Cashout: 660-679; 75.01-80% LTV	1.5	Cashout: 660-679; 75.01-80% LTV	1.5
		Agency Jumbo ARM > 75%	.75
		Interest Only	Offsheet Pricing