



## PRODUCT GUIDELINES

### MINNESOTA HOUSING HOME POSSIBLE FIXED RATE 30 YEAR AMORTIZING 3806

09-26-2008

Several states and local municipalities have enacted legislation which define High Cost loans based on APR and fee thresholds which may or may not relate to the HOEPA thresholds. These types of loans typically have various restrictions. **It is the policy of U.S. Bank Home Mortgage not to purchase any loan defined as "high cost" under any federal or state law/regulation or local ordinances, and any subsequent amendments thereto.**

PRODUCT	FOOTNOTES																									
Description	Fixed rate, fully amortizing with level payments for life of loan. This purchase product is for low-to-moderate income borrowers who need low down payment options and credit flexibility. Primary residence only.																									
Maximum Loan Amount	Refer to Minnesota Housing home cost limits																									
AUS Eligibility	LP Accept only – LP A Minus not allowed DU and manual underwriting not allowed. LP submission via eMagic.																									
Purchase	<div><div><div>Home Possible 97 &amp; Home Possible 97 w/ 3% Cash Down</div><table><thead><tr><th>LTV</th><th>TLTV</th><th>Min. Down Payment or Equity</th><th>Min. FICO Score</th><th>% of Min. Down Payment Req. from Borrower Personal Funds</th></tr></thead><tbody><tr><td>97%</td><td>103%</td><td>3%</td><td>&gt; = 700*</td><td>lesser of \$1000 or 1% minimum borrower contribution</td></tr><tr><td>97%</td><td>97%</td><td>3%</td><td>&gt;= 660</td><td>lesser of \$1000 or 1% minimum borrower contribution</td></tr><tr><td>95%</td><td>103%</td><td>5%</td><td>&gt;=700*</td><td>lesser of \$1000 or 1% minimum borrower contribution</td></tr><tr><td>95%</td><td>95%</td><td>5%</td><td>&gt; = 620</td><td>lesser of \$3000 or 3% minimum borrower contribution</td></tr></tbody></table></div><div><div>Primary 1 Unit</div><div>Primary 2 Unit</div></div><div><div>95%</div><div>95%</div><div>100%</div><div>95%</div></div><div><div>5%</div><div>5%</div><div>5%</div><div>5%</div></div><div><div>&gt; = 700*</div><div>&gt;= 620</div><div>&gt; = 700*</div><div>&gt;= 620</div></div><div><div>lesser of \$3000 or 3% minimum borrower contribution</div><div>3% minimum borrower contribution</div><div>3% minimum borrower contribution</div><div>3% minimum borrower contribution</div></div></div> <div>*Refer to Subordinate Financing criteria</div>	LTV	TLTV	Min. Down Payment or Equity	Min. FICO Score	% of Min. Down Payment Req. from Borrower Personal Funds	97%	103%	3%	> = 700*	lesser of \$1000 or 1% minimum borrower contribution	97%	97%	3%	>= 660	lesser of \$1000 or 1% minimum borrower contribution	95%	103%	5%	>=700*	lesser of \$1000 or 1% minimum borrower contribution	95%	95%	5%	> = 620	lesser of \$3000 or 3% minimum borrower contribution
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<b>Subordinate Financing</b>	<p>Eligible for Affordable Seconds subordinate financing. Must meet Minnesota Housing guidelines for subordinate financing. Minnesota Housing HAF loans meet Affordable Seconds criteria. USBHM Seconds are not allowed. HELOC's not allowed. *Affordable seconds can be submitted to Loan Prospector as long as the Affordable Second amount is entered in the "Total Gift Fund" field rather than the "Subordinate Amount" field and must have evidence that it is deferred for 5 years. "Total Gift Funds" not included in TLTV.</p>
<b>Underwriting Submission</b>	Loans must be submitted to MGIC for Underwriting electronically via MGIC Loan Center.
<b>General Underwriting</b>	<p>A. All Home Possible Mortgages must be submitted to Loan Prospector. LP Accept is required, DU not allowed. Loans to be submitted via eMagic for decision. B. Borrower(s) may not as of the Note Date, have any ownership in any other residential properties.</p> <p>The Underwriter still needs to determine a reasonable expectation that the borrower has the ability and willingness to repay the loan. Extenuating circumstances should be documented to the extent possible and a reasonable determination that the situation is corrected.</p>
<b>Eligible Borrowers</b>	<p>Co-signors are not allowed Non-Occupant co-borrowers are not allowed. A Borrower may not have had an ownership interest in a Principle Residence at any time during the three year period ending on the date of execution of the mortgage. - See Minnesota Housing Guidelines for Eligible Borrowers</p>
<b>Eligible Properties</b>	<p>1-2 Unit Primary Residence Single Family Housing. Attached Housing – Townhouses Attached / Detached PUDs</p> <p>Condos, and Manufactured Homes not allowed</p>
<b>Eligible States</b>	Minnesota
<b>Qualifying Income</b>	<p>See Processing Option below. Subject to Home Possible guidelines.</p>
<b>Qualifying Ratios</b>	Loans must receive an LP Accept: Maximum 55% DTI.
<b>Qualifying Rate</b>	Note Rate



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Homebuyer Education	Minnesota Housing requires Qualified Homebuyer Education. Qualified homebuyer education is Homestretch or equivalent classroom education required for all programs. (On-line classes are not allowed). This requirement will be satisfied when at least one borrower per household provides a certificate of completion.  To locate a homebuyer education class: <a href="http://www.hocmn.org">www.hocmn.org</a> .  <b>For 2 unit properties – Landlord counseling required.</b>											
Borrower(s) Income Limitations	The Minnesota Housing Eligibility Income: Gross annual projected household income as of the date of the mortgage application of all persons residing or intending to reside in a property from whatever source derived (with the exception of incidental income from after school employment of persons under 18 years of age) and before taxes and withholdings.  See optional worksheet: <a href="http://www.mnhousing.gov/partners/lenders/programs/MHFA_001509.aspx">www.mnhousing.gov/partners/lenders/programs/MHFA_001509.aspx</a>											
Reserves	Not required.											
Processing Options	Loans must utilize LP designated Documentation Class of Standard, regardless of LP Documentation Class.											
Appraisal Requirements	Full URAR required.											
MGIC Mortgage Insurance	All property types: <table><tr><td><u>LTV</u></td><td><u>Coverage</u></td></tr><tr><td>95.01- 97.0%</td><td>28%</td></tr><tr><td>90.01- 95.0%</td><td>27%</td></tr><tr><td>85.01- 90.0%</td><td>17%</td></tr><tr><td>80.01- 85.0%</td><td>12%</td></tr></table>	<u>LTV</u>	<u>Coverage</u>	95.01- 97.0%	28%	90.01- 95.0%	27%	85.01- 90.0%	17%	80.01- 85.0%	12%	MI Premiums paid monthly
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Contributions By Interested Parties	Primary Residences LTV/TLTV ≤ 75%: 9% of the lesser of sales price or appraised value. LTV /TLTV > 75% and ≤90%: 6% of the lesser of sales price or appraised value. LTV/TLTV > 90%: 3% of the lesser of sales price or appraised value.  • Financing concessions may not exceed the actual costs for Closing Costs, Financing Costs and Prepaids/Escrows.  <b>Please note:</b> Maximum financing concessions must be based on TLTV if secondary financing is present.											



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<b>Well and Septic Requirements</b>	See Conventional Underwriting and Minnesota Housing Guidelines – Wells & Septic Requirements
<b>Termite Inspection</b>	See Conventional Underwriting Guidelines – Termite Inspection
<b>Work Completion Escrows</b>	See Minnesota Housing Guidelines
<b>Shared Roads, Wells and Septic Systems</b>	See Conventional Underwriting and Minnesota Housing Guidelines – Shared Roads, Wells & Septic Systems
<b>Assumability</b>	See Minnesota Housing Guidelines.
<b>Escrow Waivers</b>	Not allowed.
<b>Amortization</b>	30 year amortization. No negative amortization.
<b>Prepayment Penalty</b>	None
<b>Late Charges</b>	5% or the highest allowed by state law
<b>Loan Disclosures</b>	All applicable Minnesota Housing Disclosures & Homeownership Counseling.
<b>Closing Documents</b>	<p><b>Note:</b></p> <ul style="list-style-type: none"> <li>- Fixed Rate Note FNMA/FHLMC 3200 (VMP 5N)</li> </ul> <p><b>Rider to Mortgage:</b></p> <ul style="list-style-type: none"> <li>- For Two Unit Properties - FNMA/FHLMC 3170 One-to-Four Family Rider (VMP 57R).</li> </ul> <p><b>Security Instrument:</b></p> <ul style="list-style-type: none"> <li>- In all states, use state-specific FNMA/FHLMC Mortgage/Deed of Trust</li> </ul> <p><b>All applicable MN. Housing Documents</b></p>