

# Eagle Funding

## BROKER MEMO

Date: February 17, 2009

Subject: Revised Underwriting Guidelines

An internal audit of all loans in process at Eagle Funding was conducted last Friday afternoon. As a result of that audit, the following guidelines will apply to all loans that are initially underwritten from this point forward:

	Conventional	FHA/VA/USDA
Min. credit score	700	680
Max. DTI	45	45
Max. LTV (refi)	80	Program maximum
Max. LTV (purch)	Program maximum	Program maximum

In all cases, no loans will be accepted and/or submitted to underwriting unless the appraisal has at least 3 comps that are less than 120 days old at the time the loan is initially underwritten. Given this new appraisal requirement, it would be our suggestion that you direct your appraisers to use comps that are 90 days old or less at the time of their initial inspection. This will allow time for preparation of their report, your process time, our process time, and our underwriting time and still be within the 120 days.

All refinance loans must contain a motivation letter for refinancing. This pertains to both rate/term and cashout loans.

All loans must have liquid assets articulated on the 1003 and documented in the file. No more loans with \$1 listed on the 1003 for assets will be accepted.

No borrowers with bankruptcy history will be approved.

These new guidelines apply to all loans that you had submitted to Eagle Funding but were not yet underwritten – some of them still with the sales teams not yet prepped for underwriting...some of them in the underwriting queue not yet reviewed.

All those loans that were initially underwritten on or before Friday February 13 will be allowed to continue to closing on the old guidelines. The new guidelines will not apply to these loans.

We understand the concerns you will have because of these changes. We will work as hard as we can to facilitate a smooth transition for you to these new guidelines. We would also like to point out that these changes are not being made because of poor credit quality in your loans. Rather these changes are being made to ensure salability of the loans after they are funded. Age of appraisal comps is the primary issue.

Each Account Executive now has a number of your loans – not yet underwritten - that were turned away from underwriting due to the enforcement of these new rules. Those of you that have loans that fall into this category will be contacted personally to address the issue and to find resolution.

If you have any questions, please contact your Account Executive. Thank you for your business.

Eagle Funding