



Term Sheet

ONE Mortgage is a redesign of a highly-successful bank mortgage product in Massachusetts that now totals more than 21,000 originations and \$3.7 billion in mortgage financing.

Term:	30-year fixed-rate mortgage
Maximum Pricing:	30 basis points below the 30-year fixed rate reported in the Freddie Mac Weekly Primary Mortgage Market Survey. No points may be charged to the borrower.
Loan to value:	Maximum 97 percent for single-family, condominium and two-family homes; maximum 95 percent for three-family homes.
Property types:	Single-family, condominium, two- and three-family homes
Eligible borrowers:	Maximum household income of 100 percent of area median income
Interest subsidy:	Available to qualified buyers of single-family, condominium and two-family homes at or below 80 percent of median income; initial public subsidy contribution is equivalent to an interest rate buydown of up to 2 percent based on ratios at closing. Subsidized mortgage payments are level for first four years and then subsidy is phased out between years five and eight (year 5 is 75% of the amount of subsidy calculated for years 1-4; year 6 is 50% of the amount of subsidy in year 5; year 7 is 25% of the amount of subsidy in year 6 and years 8-30 have zero interest subsidy). The present value of interest subsidy over the life of the loan is cash-funded at loan closing.
Credit score:	Minimum representative FICO scores of 640 for single-family homes and condominiums and 660 for two- and three-family properties; alternative credit allowed for borrowers with thin files.

<p>Single family and condominium underwriting ratios:</p>	<p>At closing, maximum housing and debt to income ratios are 33/38 with housing ratio exceptions allowed up to 36 percent at closing. A maximum 41 percent unsubsidized housing ratio will be permitted at year 8 per the payment schedule set at closing.</p> <p>Debt-to-income ratio exceptions are allowed up to 43 percent.</p>
<p>Multifamily underwriting ratios:</p>	<p><u>Two-family properties:</u> Maximum 45 percent housing ratio for subsidized buyers and maximum 50 percent unsubsidized housing ratio with 75 percent of rent included in income. Total debt ratio cannot exceed 50 percent.</p> <p>One month of reserves is required at closing.</p> <p><u>Three-family properties:</u> Maximum 50 percent debt ratio with 75 percent of rent included in income.</p> <p>Home inspection is mandatory and three-family buyers must complete a one-on-one counseling session with an MHP-approved counseling agency prior to closing. Exceptions may apply for those purchasing bank owned properties and/or properties with the assistance of a municipal rehabilitation program.</p> <p>Two months of reserves are required at closing.</p>
<p>Condominium underwriting:</p>	<p>All units in established market-rate projects must follow Fannie Mae pre-sale and owner occupancy ratios as well as general project eligibility guidelines.</p> <p>Pre-sale and owner-occupancy ratio exceptions for units in small projects, 100 percent deed restricted affordable projects and mixed market/deed-restricted units will be reviewed by MHP on a case-by-case basis.</p>
<p>Down payment assistance:</p>	<p>Permitted as long as at least 1.5 percent of the purchase price or \$1,500 (whichever is greater) is paid from the borrower's own funds.</p> <p>Three-family properties: greater of 3 percent or \$3,000 paid from the borrower's own funds.</p>

<p>Subordinate liens:</p>	<p>Interest subsidy (if applicable) is secured by a second lien held by MHP. Upon sale prior to five years, repayment is limited to the lesser of the amount of subsidy used or net appreciation. Upon sale after five years, repayment is limited to the lesser of the amount of subsidy used or twenty percent of net appreciation.</p> <p>State, local or employer-funded down payment assistance must comply with Fannie Mae Community Seconds or comparable secondary market standards.</p>
<p>Pre-purchase homebuyer education:</p>	<p>Borrower must have successfully completed a homebuyer education course certified by the Massachusetts Homeownership Collaborative. Approved courses must follow a standardized curriculum.</p>
<p>Post-purchase homebuyer education:</p>	<p>As a condition of closing borrower must complete an approved in-person “HomeSafe” post-purchase education program within 12 months of closing. HomeSafe agencies are funded by MHP and must offer an MHP-approved curriculum.</p>
<p>Delinquency counseling and intervention:</p>	<p>Approved HomeSafe agencies are notified online via the MHP Counselor Online system whenever a loan within their assigned region becomes delinquent. The agency immediately attempts contact with the delinquent borrower and receives additional fee-for-service payments for making contacts and for achieving successful counseling outcomes.</p>
<p>Cash-funded loan loss reserves:</p>	<p>To mitigate the lender’s credit risk MHP holds a loan loss reserve that accumulates for each participating lender in a restricted account and is pooled to cover all ONE Mortgage loans that the lender has originated. Contributions to the loss reserve are cash-funded at loan closing. Five percent of the loan amount will be contributed for the lender’s first five loans originated under the ONE Mortgage Program at the time that the closing package is accepted by MHP. For each additional loan, one percent of the loan amount will be contributed to the reserve as soon as the closing package is accepted by MHP.</p> <p>MHP will pay originating lenders 80 percent of qualifying loan loss claims on the originating lender’s total credit exposure on a defaulted ONE Mortgage loan up to the remaining balance in the lender’s pooled loan loss reserve account.</p>

Loan origination:	Mortgages are originated by participating lenders on standardized documents in accordance with current program guidelines and pursuant to program agreements executed between the lenders and MHP. All loans must be satisfactorily processed and approved through MHP's online eS2 loan platform.
Loan servicing:	Servicing is retained by the originating lender. An electronic report containing property address, mailing address, unpaid principal balance, next payment due date, default status, and payment in full date must be submitted to MHP on a monthly basis. A master servicer may be added to the program at a later date.