

Cornerstone Home Lending, Inc. Lending Criteria

For the State of Michigan



ESTABLISHING CREDITWORTHINESS

It is Cornerstone Home Lending, Inc.'s policy to consider the creditworthiness of an applicant upon submission of a completed loan application. The general factors used for establishing creditworthiness include but are not limited to:

- The applicant's income must be sufficient to repay the loan according to its term;
- Debt ratio: All monthly payments including the loan being considered, divided by gross income equals the debt ratio;
- The applicant's past credit history with credit grantors must be satisfactory;
- The applicant's job history and time lived at current address must illustrate stability;
- Sufficient collateral to cover the loan; and
- The applicant's established credit rating.

MARKET VALUE

Market value is the most probable price property should bring in a competitive and open market under all conditions for a fair sale, assuming the price is not affected by undue stimulus. Cornerstone Home Lending, Inc. will consider the market value of proposed property when evaluating loan applicant's request.

INTEREST RATES (Annual Percentage Rate)

Rates are based on the mortgage market in Michigan and the Federal National Mortgage Association (Fannie Mae) market. Please call Cornerstone for the current rate.

TERMS

The loan programs and terms we offer are driven by investor guidelines.

APPRAISAL

A written certified appraisal is required on all mortgages. The objective of an appraisal is to determine if the collateral is of sufficient value to cover the requested loan. It is important to note that not all loan programs require an appraisal. Please consult your mortgage professional.

VERIFICATION OF FUNDS

Cornerstone Home Lending, Inc. reserves the right to verify funds which are indicated to be used for the earnest money deposit, down payment and closing costs, if applicable.

PROPERTY IN FLOOD PLAIN

Loans secured by property in a flood plain area must meet the following requirements (Includes Mobile Homes):

- The community must be participating in an approved flood program;
- Insurance must be obtained in the amount equal to the loan balance or the maximum amount available; and
- A copy of the insurance policy must be submitted to the credit union on or before closing.

CO-SIGNER / GUARANTORS

The following guidelines at minimum will be used when evaluating a co-signer or guarantor on a loan:

- Past and present credit history;
- employment record;
- length of residence;
- debt ratio.

ADDITIONAL CRITERIA

All loan documents and policies will conform to the Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Federal Housing Administration (FHA), Veterans Affairs (VA) or United States Department of Agriculture Rural Development (USDA) standards as much as possible. A Homeowners Insurance Policy, naming the credit union as loss payee is required on all real estate loans. The amount of insurance must be sufficient to pay the mortgage balance off and cover the value of the home. A Title Commitment will be performed on all estate loans prior to closing. A Title Insurance Policy must also be obtained.

MORTGAGE CLOSING COSTS

We will quote your costs, when all the specifics regarding your mortgage is known.