

FHA FIXED RATE PRODUCTS

FHA FIXED RATE	
1. PRODUCT DESCRIPTION	<ul style="list-style-type: none"> FHA Fixed Rate Mortgage 15 and 30 year terms Fully amortizing
2. PRODUCT CODE	<ul style="list-style-type: none"> FHA Fixed Rate 15 Year FHA Fixed Rate 30 Year FHA Fixed Rate 15 Year \$100 Down (V38) - HUD REO Properties FHA Fixed Rate 30 Year \$100 Down (V39) - HUD REO Properties
3. INDEX	N/A
4. MARGIN	N/A
5. ANNUAL/ADJUSTMENT CAP	N/A
6. LIFE CAP	N/A
7. RATE AT ADJUSTMENT	N/A
8. CONVERSION OPTION	N/A
9. CONVERSION FEE	N/A
10. DELIVERY	N/A
11. TEMPORARY BUYDOWNS	<p>Annual</p> <ul style="list-style-type: none"> Purchases Maximum 1% per year Maximum 2% below note rate
12. QUALIFYING RATE AND RATIOS	<p>Ratios</p> <ul style="list-style-type: none"> AUS Approved loans – Ratios evaluated by AUS <p>With Temporary Buydown</p> <ul style="list-style-type: none"> AUS Approved loans – Ratios evaluated by AUS Qualify at Note Rate
13. TYPES OF FINANCING	<ul style="list-style-type: none"> Purchase Mortgages

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	<ul style="list-style-type: none"> Refinances <ul style="list-style-type: none"> Rate and Term Refinance (No Cash Out) Credit Qualifying Streamline Refinances (FHA to FHA) Equity Refinances 																														
14. MAXIMUM LOAN AMOUNT	<ul style="list-style-type: none"> Maximum Base Loan Amount cannot exceed the <u>FHA Statutory Mortgage Limits</u> for each county and under no circumstances will a county's mortgage limit be less than the "floor" or greater than the "ceiling" as outlined in the table below. To be eligible for closing, the Base loan amount may not exceed the amounts listed in the "Highest Maximum" column (Total loan amount with financed UFMIP may exceed "highest maximum" ceiling) <table border="1"> <thead> <tr> <th></th> <th></th> <th>Lowest Maximum ("Floor")</th> <th>Highest Maximum ("Ceiling")</th> </tr> </thead> <tbody> <tr> <td rowspan="4">Continental US</td> <td>1 unit</td> <td>\$271,050</td> <td>\$417,000</td> </tr> <tr> <td>2 unit</td> <td>\$347,000</td> <td>\$533,850</td> </tr> <tr> <td>3 unit</td> <td>\$419,400</td> <td>\$645,300</td> </tr> <tr> <td>4 unit</td> <td>\$521,250</td> <td>\$801,950</td> </tr> <tr> <td rowspan="4">Alaska & Hawaii</td> <td>1 unit</td> <td>\$271,050</td> <td>\$625,500</td> </tr> <tr> <td>2 unit</td> <td>\$347,000</td> <td>\$800,775</td> </tr> <tr> <td>3 unit</td> <td>\$419,400</td> <td>\$967,950</td> </tr> <tr> <td>4 unit</td> <td>\$521,250</td> <td>\$1,202,925</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Purchase Mortgages using Sections 203b Home Mortgage Insurance Mortgage/Mortgage Insurance for Disaster Victims, 234c Mortgage Insurance for Condominium Units, and 238c Mortgage Insurance in Military Impact Areas¹ <ul style="list-style-type: none"> Maximum Base Loan Amount is calculated as the lesser of: <ul style="list-style-type: none"> Sales price or appraised value Minus any adjustments for excessive seller contributions/inducements to purchase Multiplied by the appropriate LTV factor. (See #15 Loan Amount and LTV Limitations) Purchase Transactions not Permitting Maximum Financing (e.g., some identity of interest, non-occupant co-borrower transactions) <ul style="list-style-type: none"> Maximum Base Loan Amount is calculated as the lesser of: <ul style="list-style-type: none"> Sales price or appraised value Multiplied by the appropriate LTV factor (See #15 Loan Amount and LTV Limitations) 			Lowest Maximum ("Floor")	Highest Maximum ("Ceiling")	Continental US	1 unit	\$271,050	\$417,000	2 unit	\$347,000	\$533,850	3 unit	\$419,400	\$645,300	4 unit	\$521,250	\$801,950	Alaska & Hawaii	1 unit	\$271,050	\$625,500	2 unit	\$347,000	\$800,775	3 unit	\$419,400	\$967,950	4 unit	\$521,250	\$1,202,925
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15. LOAN AMOUNT AND LTV LIMITATIONS	PURCHASE					
	Units	Maximum Base LTV	Total LTV including UFMIP	Maximum CLTV W/Sec Fin from Govt Agency/Non-Profit considered an instrumentality of government	Maximum CLTV W/Sec Fin from a non-profit Govt Agency not considered an instrumentality of government	
	1- 4 units	96.5%	97.5%	100% (of Cost to Acquire)	96.5% (of Appraised Value or sales Price)	
	NON ARMS LENGTH TRANSACTION					
	Units	Maximum Base LTV	Total LTV including UFMIP	Maximum CLTV W/Sec Fin from Govt Agency/Non-Profit considered an instrumentality of government	Maximum CLTV W/Sec Fin from a non-profit Govt Agency not considered an instrumentality of government	
	1-4 units	85%	85%	85%	85%	
	REFINANCES					
	Rate/Term Refinance					
	Units	Maximum Base LTV/Loan Amount	Total LTV including UFMIP	Maximum CLTV (Subordination of Existing second lien)	Maximum CLTV¹ (New second lien)	
	1- 4 units	97.75%	98.75%	97.75%	97.75%	
	Streamline Refinance With Appraisal					
	1- 4 units	97.75%	98.75%	125%	N/A	
	Streamline Refinance Without Appraisal					
	1-4 units	N/A/ New base mortgage cannot exceed the Original amount of the loan being refinanced	N/A%	125%	N/A	
Cash Out Refinance						
1-4 Units	85%	86%	85%	85%		
16. Purchase Transactions involving \$100 Down Payment on HUD REO Properties	<p>The total loan amount after adding UFMIP may exceed 100% of the appraised value up to:</p> <ul style="list-style-type: none"> • 102.05% without inclusion of repairs OR • 110% with inclusion of repairs (203bwith Repair Escrow) • Maximum LTV/CLTV in West Virginia cannot exceed 100% of the appraised value <p>The maximum mortgage amount for a property sold under the \$100 Down Payment sales Incentive Program is calculated as follows:</p> <ul style="list-style-type: none"> • Without inclusion of repairs (line 4 of sales contract indicates 203b) <ul style="list-style-type: none"> • Base Mortgage is calculated as the Purchase Price minus Minimum Down Payment (\$100) 					

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	<ul style="list-style-type: none"> • Base LTV is calculated by dividing the base mortgage into the lower of sales price or appraised value • Total Loan Amount is the Base Mortgage plus UFMIP <table border="1" style="margin: 10px auto;"> <tr><td>Purchase Price</td><td>\$100,000</td></tr> <tr><td>Appraised Value ("as is" from M&M Contractor)</td><td>\$101,000</td></tr> <tr><td>Minimum Down Payment</td><td>\$100</td></tr> <tr><td>Maximum Base Mortgage</td><td>\$ 99,900</td></tr> <tr><td>Base LTV</td><td>99.90%</td></tr> <tr><td>UFMIP (\$99,900 x 2.25%)</td><td>\$2247.75</td></tr> <tr><td>Total Loan Amount (including UFMIP)</td><td>\$102147.(round down to nearest \$)</td></tr> <tr><td>Total LTV (Total loan amount divided by appraised value)</td><td>102.150%</td></tr> </table> <ul style="list-style-type: none"> • With inclusion of repairs (line 4 of sales contract indicates 203b with Repair escrow) <ul style="list-style-type: none"> • Base Mortgage is calculated as the Purchase Price minus Minimum Down Payment (\$100) • Base LTV is calculated by dividing the base mortgage into the lower of sales price or appraised value • Total Loan Amount is the Base Mortgage plus cost of repairs up to \$5,000 and UFMIP <table border="1" style="margin: 10px auto;"> <tr><td>Purchase Price</td><td>\$100,000</td></tr> <tr><td>Appraised Value ("as is" from M&M Contractor)</td><td>\$101,000</td></tr> <tr><td>Minimum Down Payment</td><td>\$100</td></tr> <tr><td>Initial Base Mortgage</td><td>\$ 99,900</td></tr> <tr><td>Initial Base LTV</td><td>99.90%</td></tr> <tr><td>Cost of Repairs (including 10% contingency reserves)</td><td>\$ 4,500</td></tr> <tr><td>Adjusted Base Mortgage</td><td>\$104,400</td></tr> <tr><td>Adjusted Base LTV</td><td>104.40%</td></tr> <tr><td>UFMIP (\$104,400 x 2.25%)</td><td>\$ 2349.</td></tr> <tr><td>Total Loan Amount (including repairs and UFMIP)</td><td>\$106749.00</td></tr> <tr><td>Total LTV (Total loan amount divided by appraised value)</td><td>106.750%</td></tr> </table> 	Purchase Price	\$100,000	Appraised Value ("as is" from M&M Contractor)	\$101,000	Minimum Down Payment	\$100	Maximum Base Mortgage	\$ 99,900	Base LTV	99.90%	UFMIP (\$99,900 x 2.25%)	\$2247.75	Total Loan Amount (including UFMIP)	\$102147.(round down to nearest \$)	Total LTV (Total loan amount divided by appraised value)	102.150%	Purchase Price	\$100,000	Appraised Value ("as is" from M&M Contractor)	\$101,000	Minimum Down Payment	\$100	Initial Base Mortgage	\$ 99,900	Initial Base LTV	99.90%	Cost of Repairs (including 10% contingency reserves)	\$ 4,500	Adjusted Base Mortgage	\$104,400	Adjusted Base LTV	104.40%	UFMIP (\$104,400 x 2.25%)	\$ 2349.	Total Loan Amount (including repairs and UFMIP)	\$106749.00	Total LTV (Total loan amount divided by appraised value)	106.750%
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17. SECONDARY FINANCING	<ul style="list-style-type: none"> • The borrower may receive secondary financing to cover the entire cash investment requirement from the following sources <ul style="list-style-type: none"> • Federal, state or local governmental agencies¹ • FHA Approved Non-Profit agencies that are <u>considered instrumentalities of government</u>¹ • Borrower may also receive secondary financing from FHA Approved non-profit agencies NOT considered instrumentalities of government provided the <u>borrower makes a cash downpayment of at least 3.5% of the sales price</u>¹ • Secondary financing funds may be provided by a family member² <ul style="list-style-type: none"> • 100% of funds for down payment, closing costs, prepaid expenses and discount points may be from a secured or unsecured loan from a family member • Refer to HUD Handbook 4155.1, Chapter 5 Section C 																																						

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	<p>¹The Secondary Financing Program must be approved by Morgan Strause</p> <p>²Family member defined as child, parent, grandparent, spouse, adopted son or daughter, stepson, stepdaughter</p> <p>Secondary Financing using First-Time Homebuyer Tax Credits</p> <p>Consistent with existing FHA policy listed above, Federal, state or local governmental agencies and FHA approved non-profit agencies that are considered instrumentalities of government are eligible to provide secondary financing based on the first-time homebuyer tax credit as long as the following conditions and all existing polices are met:</p> <ul style="list-style-type: none"> • The tax credit advance, when combined with the FHA-insured first mortgage may not result in cash back to the borrower. • The second lien may not exceed the total amount needed for the down payment, closing costs, and prepaid expenses. • Secondary financing may be “soft” (silent) or require a monthly repayment. • If payments are required, they must be included within the qualifying ratios and, when combined with the first mortgage, cannot exceed the borrower's reasonable ability to pay. • Payments must be deferred for at least 36 months to <i>not</i> be included in the qualifying ratios. • If the secondary financing has a short term for repayment, it must also provide that if the borrower fails to repay by the designated deadline, principal and interest payments begin automatically or the loan converts to a “soft” second. • The secondary financing may not require a balloon payment before ten years. • An eligible taxpayer must buy or enter into a binding contract to buy a principal residence on or before April 30, 2010, and close on the home by June 30, 2010. • No tax credit is available if the purchase price of the home exceeds \$800,000. Note: FHA Limits must be followed. • Modified adjusted gross income for individuals is up to a maximum \$145,000; however, tax credit is reduced above \$125,000. • Modified adjusted gross income for joint filers is up to a maximum \$245,000; however, tax credit is reduced above 225,000. • The definition of a purchase excludes property acquired from a related person • Home cannot be acquired by gift or inheritance • Non-resident aliens are ineligible for credit • In order to track the tax credit activities, the following information and supporting documentation must be obtained and kept in the loan file: <ul style="list-style-type: none"> ○ Name and EIN of the party providing the secondary financing ○ The amount of the anticipated credit from IRS Form 5405 ○ The amount the homebuyer paid for the secondary financing services • Complete the FHA FIRST-TIME HOMEBUYER TAX CREDIT CHECKLIST <p>Please Note:</p> <ul style="list-style-type: none"> • The Secondary Financing Program and/or Down Payment Assistance Program must be approved by Morgan Strause

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18. PROPERTY TYPES	<p>Eligible Property Types</p> <ul style="list-style-type: none"> • 1-2 units • 3-4 units <ul style="list-style-type: none"> • Net rents from all units (including primary unit) must be equal to or exceed mortgage payment (Net rent is calculated using the allowable vacancy factor for the applicable FHA HOC) • PUDs • Condos <ul style="list-style-type: none"> • Must be on FHA approved list • If not, subject project must be reviewed for project approval. • If the condo project has been withdrawn from FHA's approved list or does not comply with current FHA condominium project eligibility guidelines as determined by the Loan-level certification for Individual Unit Financing process. • Site Condos do not require condominium project approval • Modular Pre-Cut/Panelized Housing <p>Ineligible Property Types</p> <ul style="list-style-type: none"> • Co-ops • Manufactured homes
19. OCCUPANCY	Primary Residence
20. GEOGRAPHIC LOCATION / RESTRICTIONS	<ul style="list-style-type: none"> • California, Texas and Colorado
21. ASSUMPTIONS	Permitted – Credit worthy borrows only
22. ESCROW WAIVERS	Not permitted
23. PREPAYMENT PENALTY	Not permitted. However, if refinancing and the payoff check for the existing loan is not received by the servicing lender by the first day of the month, the lender may collect interest on the existing loan through the end of the month.

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<p>24. UNDERWRITING</p>	<ul style="list-style-type: none"> • Loans must be underwritten by a DE Underwriter employed by Morgan Strause • May follow AUS Approve decision and documentation requirements. <ul style="list-style-type: none"> • Refer to Credit Section for additional restrictions <p>Underwriting HUD Employee Loans</p> <ul style="list-style-type: none"> • If the applicant is an employee of HUD or a member of a HUD-employee's household (spouse, parent or child), the application must be submitted to the Homeownership Center for prior approval processing • The case number <u>must</u> be ordered via the FHA Connection as "HUD Processed" by entering "203" as the Section of the Act • The DE Underwriter employed by Morgan Strause should first review the loan file but not issue a decision • A copy package of the credit file including the appraisal must be submitted to the HOC in a binder clearly marked "HUD EMPLOYEE LOAN" • Copies must be stamped as "true and certified" copies of the originals • Only the DE Underwriter is permitted to contact the HOC to discuss <p>AUS (TOTAL Scorecard)</p> <ul style="list-style-type: none"> • All loans must be submitted thru FHA TOTAL Scorecard • AUS Approve – All loan data submitted to AUS for Approved/Accept Finding must be accurate and validated
<p>25. PROCESSING STYLES</p>	<ul style="list-style-type: none"> • Standard • Streamline

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<p>26. BORROWER ELIGIBILITY</p>	<ul style="list-style-type: none"> • All borrowers (including permanent and non-permanent resident aliens) must have a valid social security number. Validate the social security number using any one of the following: <ul style="list-style-type: none"> • Social Security Card • Pay stub • W-2 • Tax Transcripts • Validation from SSA <p>Permanent Resident Aliens</p> <ul style="list-style-type: none"> • Same eligibility requirements as US Citizens • Evidence of lawful, permanent residency issued by the Bureau of Citizenship and Immigration Services (BCIS), formerly the INS. <ul style="list-style-type: none"> • Copy of the Alien Registration Receipt Card (Resident Alien card), I-551 <p>Non-Permanent Resident Aliens</p> <ul style="list-style-type: none"> • Primary residence • Borrower must be eligible to work in the U.S. • Evidence of residency and work status to be obtained through documentation from US Bureau of Citizenship and Immigration Services (BCIS) formerly INS <ul style="list-style-type: none"> • Copy of the Employment Authorization Card, I-688B. This card carries an expiration date. • A social security card is not acceptable as evidence of work status <p>Trust Agreements</p> <ul style="list-style-type: none"> • <u>Inter Vivos (Living) Trusts</u> • <u>Land Trusts</u> <ul style="list-style-type: none"> • Acceptable in states in which they are legally permitted, (such as Illinois) <u>as long as</u> the true applicant mortgagor, <u>the land trust beneficiary</u>, executes the note, mortgage or deed of trust
<p>27. CO-BORROWERS</p>	<p>Co-borrowers and Co-signers are permitted.</p> <p>Co-Borrower</p> <ul style="list-style-type: none"> • Co-borrower must take title to the property • Co-borrower must sign all documents including the Loan Application, Note and the Mortgage/Deed of Trust • The co-borrower cannot be the seller, builder, real estate agent, etc unless the seller is a parent*. • Income, assets and debts from all borrowers (including co-borrowers) are used in qualifying • Co-borrower must have a principal residence in the U.S. • Co-borrower does not have to occupy the subject property. • If the LTV exceeds 75% and the co-borrower(s) will not occupy, the following additional requirements must be met: <ul style="list-style-type: none"> • Subject must be a One unit property • The Co-borrower(s) must be a close family member (child, parent, grandparent, spouse, adopted son or daughter, stepson, stepdaughter) or have a long-standing relationship (must be able to document) with the borrower <ul style="list-style-type: none"> • If the co-borrower is unrelated or does not have a long standing relationship with the borrower, the maximum LTV is 75% • *If a parent is selling to a child, the parent cannot be the co-borrower unless the LTV <= 75% <p>Co-Signer</p> <ul style="list-style-type: none"> • Co-signer but must sign the loan application and the Note • Co-signer does not take title to the property

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	<ul style="list-style-type: none"> • Co-Signer does not sign the <u>Mortgage/Deed of Trust</u> or the <u>Sales Contract</u>. • Income, assets and debts from the co-signer are used in qualifying • Co-signer must have a principal residence in the U.S. • The co-signer cannot be the seller, builder, real estate agent etc. unless the seller is a parent*. • Co-Signer does not have to occupy the subject property. • If the LTV exceeds 75% and the co-signer(s) will not occupy, the following additional requirements must be met: <ul style="list-style-type: none"> • Subject must be a One unit property • The Co-signer(s) must be a close family member (child, parent, grandparent, spouse, adopted son or daughter, stepson, stepdaughter) or have a long-standing relationship (must be able to document) with the borrower <ul style="list-style-type: none"> • If the co-signer is unrelated or does not have a long standing relationship with the borrower, the maximum LTV is 75% • *If a parent is selling to a child, the parent cannot be the co-signer unless the LTV <= 75%
28. CREDIT	<p>Housing (Mortgage/Rental) Payment History (PITIA) is inclusive of all liens regardless of position, as well as all occupancy types.</p> <ul style="list-style-type: none"> • AUS Approved loans – Credit evaluated by AUS, subject to clear CAIVRS, LDP and GSA search results <ul style="list-style-type: none"> • Housing (Mortgage/Rental) Delinquencies - Loans will be ineligible if there is one or more housing (mortgage/rental) delinquency that is 1x60, 1x90, 1x120, 1x150 days or greater reported within 12 month of the date of the credit report <p>Minimum Fico Score Requirements</p> <ul style="list-style-type: none"> • Regardless of AUS Decision: 640 • Non-traditional credit is ineligible
29. ASSETS	<p>Borrower Investment</p> <ul style="list-style-type: none"> • <u>Purchase Transactions - Sections 203b, 234c, and 238c</u> <ul style="list-style-type: none"> • Minimum down payment is 3.5% of the sale price or appraised value, whichever is less • The 3.5% cannot be met by borrower-paid closing costs, prepaid expenses, commitment fees or discount points or premium pricing • <u>Premium Pricing</u> <ul style="list-style-type: none"> • Prepaid expenses and/or closing costs may be paid with premium pricing • Lender funded buydowns may be paid with premium pricing as long as reduction is limited to 2% below the note rate <p>Seller Contributions</p> <ul style="list-style-type: none"> • 6% • Seller contributions limited to: <ul style="list-style-type: none"> • Buy down funds (if applicable) • Discount points • Seller-paid closing costs • Prepaid Expenses • UFMIP (entire)

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	<p>Gifts</p> <ul style="list-style-type: none"> • Acceptable to use toward all downpayment, closing costs and prepaids • Gift must come from a close family member (child, parent, grandparent, spouse, adopted son or daughter, stepson, stepdaughter) or have a long-standing relationship (must be able to document) with the borrower • Gift given in the form of CASH is not acceptable • Federal, State, local government agencies and FHA Approved non-profit agencies considered by FHA to be an instrumentality of the government may provide funds for down payment, closing costs and prepaid expenses – Must be approved by Investor • Charitable organizations may provide gift funds for down payment, closing costs and/or prepaid expenses. Funds derived from these sources cannot be used to payoff borrower's debts.- Must be approved by Investor <ul style="list-style-type: none"> • Obtain Tax Identification Number for the charitable organization • Prior to loan underwriting approval, Investor must review the non-profit's gift documentation to ensure no repayment is required and no liens will be placed on the subject property as a result of the gif <p>Reserves</p> <ul style="list-style-type: none"> • 1 & 2 units – None • 3 & 4 units – 3 months PITI • If using "significant reserves" as a compensating factor, a minimum 3 months PITI must be documented. • Only retirement accounts that are accessible for liquidation may be counted as reserves. Accounts that cannot be accessed for liquidation by the borrower until retirement age may not be counted as part of the borrower reserves
30. LIMITATIONS ON OTHER R.E. OWNED	<ul style="list-style-type: none"> • Borrower may own no more than one FHA loan with maximum financing
31. APPRAISER REQUIREMENTS	<ul style="list-style-type: none"> • Appraisers must be on FHA's approved list on the FHA Connection with State Certification designation of Certified General or Certified Residential • The assigned appraiser must perform the physical inspection of the property. He/she may not sign the appraisal performed by another appraiser • Appraiser must comply with the FHA Appraisal Independence Policy
32. APPRAISAL REQUIREMENTS	<ul style="list-style-type: none"> • Appendix D of Handbook 4150.2, CHG-1, Valuation Analysis for Home Mortgage Insurance for Single Family One- to Four- Unit Dwellings, has been updated and becomes effective for all appraisals performed on or after January 1, 2006. Revised Appendix D will be available online at: http://www.hudclips.org/cgi/index.cgi • All valuation conditions, including repairs, alterations and/or required inspections, will be reported within the appropriate section of the applicable Fannie Mae appraisal reporting form. • For 3-4 unit properties - appraiser to use FNMA 1025 Small Residential Income Property Appraisal Report Form • Appraisal must comply with the FHA Appraisal Independence Policy <p>HUD REO Properties</p> <p>A new appraisal is not required unless one or more of the following applies:</p> <ul style="list-style-type: none"> • The current "as is" appraisal is over 4 months old and a valid HUD contract <u>was not executed prior to</u> the expiration date of the appraisal (In instances where the "as is" appraisal is more than 4 months old and a valid HUD sales contract <u>was executed prior to</u> the expiration date of the appraisal, the current "as is" appraisal should be used) • The current "as is" appraisal is over 4 months old and the purchasers have not already been approved for the loan • A copy of the appraisal was ordered from the "Marketing and Management (M&M) contractor" but the M&M contractor is unable to provide the report.

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33. MORTGAGE INSURANCE	<ul style="list-style-type: none"> • Mortgage Insurance is required on all loans. • New MIP factors apply for case numbers assigned on or after April 5, 2010 (Refer to the attached chart for details on UPMIP and monthly MIP) • The section of the Act under which the loan will be insured determines the mortgage insurance to be used. <ul style="list-style-type: none"> Sections 203b and 234c (Condos) <ul style="list-style-type: none"> • Up Front MIP (UFMIP) is required • Monthly MIP is required • Refer to the attached chart for details on UPMIP and monthly MIP Section 238c –Military Impact Areas <ul style="list-style-type: none"> • No Up Front MIP (UFMIP) is required • Monthly MIP is calculated at .55% of the base loan amount
34. INVESTOR ELIGIBILITY	FHA
35. SPECIAL REQUIREMENTS / RESTRICTIONS	<p>Note: The Energy Efficient Mortgage Program is not available.</p> <p>Form 4506-T must be processed prior to underwriting.</p> <ul style="list-style-type: none"> • A new IRS Form 4506 T is required to be signed with the closing package as well as at application even when the form has been processed. <p>Refinancing a Section 238c Loan</p> <ul style="list-style-type: none"> • Section 238c loans must be refinanced back into another 238c loan <p>Mortgage Credit Certificate (MCC)/Section 8 Vouchers</p> <ul style="list-style-type: none"> • Not permitted. <p>CAIVRS, LDP and GSA Search</p> <ul style="list-style-type: none"> • Check the FHA Connection and document the results on the FHA Loan Underwriting and Transmittal Summary • A copy of the FHA Connection screen results for all searches must be in the loan file • If the name of any party to the transaction appears on any of the lists below, the application is not eligible for mortgage insurance. (An exception may be made when a seller appears on the LDP list and the property being sold is the seller's principal residence) <p>CAIVR System</p> <p>Access the FHA Connection to check CAIVRS for all borrowers on the transaction: Borrowers, co-borrowers and co-signors if applicable</p> <p>Limited Denials of Participation (LDP) List</p> <ul style="list-style-type: none"> • Examine/Search the list for all parties to the transaction: all borrowers, sellers, listing and selling real estate agents and Loan Officers. The appraiser, termite co, and all licensed professionals contracted to provide mechanical certifications such as heating, plumbing, air conditioning, roofing and electrical companies should also be searched

	FHA FIXED RATE										
	<p>Government Services Administration's (GSA) Lists of Parties Excluded from Procurement or Non-procurement Programs</p> <ul style="list-style-type: none"> Examine/Search the list for all parties to the transaction: all borrowers, sellers, listing and selling real estate agents and Loan Officers. The appraiser, termite co, and all licensed professionals contracted to provide mechanical certifications such as heating, plumbing, air conditioning, roofing and electrical companies should also be searched <p>Ordering Case Numbers</p> <ul style="list-style-type: none"> All property types except condos <ul style="list-style-type: none"> Enter 703 as the ADP code on the Case Number Assignment Screen in FHA Connection Condos <ul style="list-style-type: none"> Enter 734 as the ADP Code on the Case Number Assignment Screen in FHA Connection Site Condos <ul style="list-style-type: none"> Enter 734 as the ADP Code and select Site Condo drop-down box on PUD/Condo Indicator Line of Case Number Assignment Screen. <p>Non-Purchasing Spouse in a Community Property State</p> <p>List of Community Property States</p> <table border="0"> <tr> <td>Arizona</td> <td>New Mexico</td> </tr> <tr> <td>California</td> <td>Texas</td> </tr> <tr> <td>Idaho</td> <td>Washington</td> </tr> <tr> <td>Louisiana</td> <td>Wisconsin</td> </tr> <tr> <td>Nevada</td> <td></td> </tr> </table> <p>If property is located in a community property state, or the borrower resides in a community property state, the following requirements apply</p> <ul style="list-style-type: none"> A credit report for the non-purchasing spouse is required to determine any joint or individual debts. The spouse's authorization to pull a credit report must be obtained. If the spouse refuses to provide authorization for the credit report, the loan must be rejected <ul style="list-style-type: none"> Even if the non-purchasing spouse does not have a social security number, the credit reporting company <u>should verify</u> that the non-purchasing spouse has no credit history and no public records recorded against him/her. Credit Company should be given non-purchasing spouse information: Name(s), address, birth date and any other significant information requested in order to do the records check. The debts of the non-purchasing spouse must be considered in the qualifying ratios. If the debts are the sole responsibility of the non-purchasing spouse, do not consider debt in the DTI. Refer to the chart below for obligations specifically excluded by state law for AZ, NV and WI. The greater of the monthly payment amount or 5% of the outstanding balance if minimum payment is not reflected on credit report if the non-purchasing spouse must be included in the qualifying ratios <ul style="list-style-type: none"> Disputed debts of the non-purchasing spouse need not be counted provided the file contains documentation to support the dispute. Credit history of the non-purchasing spouse should not be the basis for declining the loan. 	Arizona	New Mexico	California	Texas	Idaho	Washington	Louisiana	Wisconsin	Nevada	
Arizona	New Mexico										
California	Texas										
Idaho	Washington										
Louisiana	Wisconsin										
Nevada											

FHA FIXED RATE PRODUCTS

FHA FIXED RATE									
	Arizona	California	Idaho	Louisiana	Nevada	New Mexico	Texas	Washington	Wisconsin
When are Community Property State laws effective	Married and domicile in same state	Same	Same	Same	Same	Same	Same	Same	Determination date (either day of marriage and /or date domicile was established in WI or 1/1/1986 and later (effective date of the Marriage Property Act)
Include debts in DTI analysis (ratios)	Yes, exclusions apply (see below)	Yes	Yes	Yes, unless spouse agrees to waive Homestead rights	Yes, exclusions apply (see below)	Yes	Yes	Yes, exclusions apply (see below), as long as proceeds are not provided to non-purchasing spouse or joint assets of the spouse and non-purchasing spouse are used in the transaction.	Yes
Exclude debts in DTI analysis if acquired prior to the marriage	Yes	No. Can only be excluded with a specific Pre-marital agreement	No. Can be excluded with a specific Pre-marital agreement	No. Can be excluded with a specific Pre-marital agreement	Yes	No. Can be excluded with a specific Pre-marital agreement	No. Can be excluded with a specific Pre-marital agreement	Yes, As long as proceeds are not provided to non-purchasing spouse or joint assets of the spouse and non-purchasing spouse are used in the transaction.	Yes
The Non-purchasing Spouse Can Sign the Mortgage (VA ONLY)	No	Yes	Yes	No, if waiving Homestead rights	Yes	Yes	Yes	No	Yes
Additional State Specific restrictions:									
Arizona									
The satisfaction of collections and judgments of non-purchasing spouses for FHA loans in AZ will no longer be required under the following circumstances:									

	FHA FIXED RATE
	<ul style="list-style-type: none"> • The non-purchasing spouse is not contributing towards any of the down payment or costs on the transaction (including gifts or monies from joint accounts) • The non-purchasing spouse signs the title disclaimer in order to prevent any judgments from attaching to the property. (Condition at closing). • The non-purchasing spouse cannot sign the Deed of Trust/Security Instrument. <p><u>California</u></p> <ul style="list-style-type: none"> • All delinquent debts, including those of the non-purchasing spouse, must be satisfied prior to or at closing. <p><u>Louisiana</u></p> <ul style="list-style-type: none"> • The non-purchasing spouse is permitted to sign or intervene in the mortgage to indicate his/her intention to waive homestead exemption rights. Item #23 on the Mortgage addresses the Waiver of Homestead. • When the non-purchasing spouse chooses to intervene in the mortgage to waive homestead exemption rights: <ul style="list-style-type: none"> • A copy of the recorded document (“Waiver of Interest and Ownership”), evidencing such waiver, must be included in the loan file. This document is executed and recorded at the time of the execution of the sales contract. • The Direct Endorsement Underwriter must condition the file (closing condition) for evidence that the non-purchasing spouse signed the mortgage as the “Intervenor” • Exclude debts of the non-purchasing spouse in the qualifying ratios. <p><u>Washington</u></p> <ul style="list-style-type: none"> • Debts of the non-purchasing spouse are excluded from the qualifying ratios if the non-purchasing spouse receives no money from the transaction. • When no funds are received from the transaction, the non-purchasing spouse may Quit Claim his/her interest to the purchasing spouse. <p>Wood Destroying Insects/Organism Requirements FHA no longer mandates automatic inspections. Inspections are required if:</p> <ul style="list-style-type: none"> • Evidence of active infestation • Mandated by the state or local jurisdiction • Customary to the area • At lender’s discretion
<p>36. INTERNET LINKS</p>	<p>To access Mortgagee Letters, National HOC Reference Guide, HOC Letters, Handbooks, go to: HUD Forms, Handbook & Mortgagee Letters</p>

For Case Number Assigned on or after 10-4-2010				
LTV Loan Term	Purchases & Full Credit Qualifying Refinances (Rate/Term and Cash-Out)		Streamline Refinances (With and Without Appraisal, Credit Qualifying)	
	UFMIP	Monthly	UFMIP	Monthly
>95% LTV Greater than 15years	1.00%	.90%	1.00%	.90%
=or < 95% LTV Greater than 15 years	1.00%	.85%	1.00%	.85%
> 90% LTV Less than or equal to 15 years	1.00%	.25%	1.00%	.25%
= or < 90% LTV Less than or equal to 15 years	1.00%	None	1.00%	None

For Case Number Assigned on or after 4/5/2010				
LTV Loan Term	Purchases & Full Credit Qualifying Refinances (Rate/Term and Cash-Out)		Streamline Refinances (With and Without Appraisal, Credit Qualifying)	
	UFMIP	Monthly	UFMIP	Monthly
>95% LTV Greater than 15years	2.25%	.55%	2.25%	.55
= or< 95% LTV Greater than 15 years	2.25%	.50%	2.25%	.50%
> 90% LTV Less than or equal to 15 years	2.25%	.25%	2.25%	.25%
= or < 90.00% LTV Less than or equal to 15 years	2.25%	None	2.25%	None

For Case Number Assigned prior to 4/5/2010				
LTV Loan Term	Purchases & Full Credit Qualifying Refinances (Rate/Term and Cash-Out)		Streamline Refinances (With and Without Appraisal, Credit Qualifying)	
	UFMIP	Monthly	UFMIP	Monthly
>95% LTV Greater than 15years	1.75%	.55%	1.50%	.55
= or < 95% LTV Greater than 15 years	1.75%	.50%	1.50%	.50%
> 90% LTV Less than or equal to 15 years	1.75%	.25%	1.50%	.25%
= or < 90% LTV Less than or equal to 15 years	1.75%	None	1.50%	None