

FHA Product Guidelines

Purchase

Occupancy	Units	Max base LTV	Total LTV with UFMP	Minimum Credit Score
Primary	1-4	96.5	98.75	640

Rate/Term Refinance

Occupancy	Units	Max base LTV	Total LTV with UFMP	Minimum Credit Score
Primary	1-4	97.75	99.5	640

Maximum CLTV is limited to 97.75%

Streamline

Occupancy	Units	Max base LTV	Total LTV with UFMP	Minimum Credit Score
Primary	1-4	New mortgage may not exceed the original loan balance.	N/A	640

Maximum CLTV is limited to 125%

Cash Out Refinance

Occupancy	Units	Max base LTV	Total LTV with UFMP	Minimum Credit Score
Primary	1-4	85	86.5	640

Maximum CLTV is limited to 85%

Loan Amount

Maximum base loan amount may not exceed the FHA Statutory Mortgage Limits for each county.

Continental US	Units	Lowest Maximum	Highest Maximum
	1	\$271,050	\$471,000
	2	\$347,000	\$533,850
	3	\$419,400	\$645,300
	4	\$521,250	\$801,950
Alaska & Hawaii	Units	Lowest Maximum	Highest Maximum
	1		\$625,500
	2		\$800,775
	3		\$967,950
	4		\$1,202,925

Minimum loan amount \$50,000

Loan Amount (High Balance)

Maximum base loan amount may not exceed the FHA Statutory Mortgage Limits for each county.

Units	Lowest Maximum	Highest Maximum
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Continental US	1	\$417,001	\$729,750
	2	\$533,851	\$934,200
	3	\$645,301	\$1,129,250
	4	\$801,951	\$1,403,400
Alaska & Hawaii	Units	Lowest Maximum	Highest Maximum
	1	\$625,501	\$1,094,625
	2	\$800,776	\$1,401,300
	3	\$967,951	\$1,693,875
	4	\$1,202,926	\$2,105,100

Eligible Borrowers

All borrowers must have a valid social security number.

Borrower Restrictions

- Non-Permanent Resident Aliens that are eligible to work in the United States as evidenced by valid documentation and an EAD issued by the USCIS are allowed.
- Foreign Nationals are not permitted.
- If a borrowers name is on the LDP, GSA or CAIVRS, they are not permitted.

Co-Borrowers

- Income, asset and debts from all borrowers (including co-signors) are used in qualifying for the loan.
- Co-Borrower does not have to occupy the property.
- Co-Borrower must take title to the property and sign the note and the mortgage.
- Co-Signors do not take title to the property but must sign the application and the note.
- Co-Borrower must have a principal residence in the United States.
- When a non-occupant borrower that is unrelated to the borrower is present on the transaction the LTV must be reduced to 75%.

Separated Borrowers

When the Borrower indicates that he/she is separated, it must be determined whether it is a legal separation.

If the Borrower is legally separated, a copy of the legal separation agreement must be provided to determine the division of assets, liabilities and potential obligations. If there is no legal separation, a letter from the attorneys of both parties involved specifying the proposed settlement terms must be provided. If the Borrower states there are no plans for a legal separation, no further documentation is necessary; he/she is legally married and qualified accordingly.

Properties

- Non warrantable condos, condotels, Co-Ops, manufactured homes and Florida condos are ineligible.
- Borrowers may not own more than one FHA mortgage with maximum financing unless they can prove an increase in family size beyond the reasonable living space of their current principal residence. If the exception is granted, the second FHA insured mortgage will be limited to 75% LTV.

Property Flips

- Increase of sales price over seller acquisition costs should be documented per the announcement if the increase is 10% or more, instead of the 20% allowed by the announcement.
- Increase in sales price over the sellers acquisition cost may not exceed 20%, even if documented

per the announcement.

- If the sales price is greater than \$500,000 the increase in sales price over the seller's acquisition cost may not exceed \$100,000.
- All other requirements per the announcement must be followed.

Property Requiring Escrow for Completion

All work must be completed prior to closing. Appraisal may not be rendered as "subject to" completion.

Property Listed For Sale

Rate/Term Refinance:

Loan transactions where the subject property was listed for sale at the time of application are not eligible.

Cash-Out Refinance:

Loan transactions where the subject property was listed for sale at the time of application are not eligible.

UFF will allow conforming cash-out refinance transactions where the subject property was listed for sale within the last six months, prior to the loan application if the property was taken off the market 6 months prior to the application date

Appraisal Portability

Appraisals may be transferred to UFF from a third party if the appraisal has been certified by an approved FHA Appraiser and is approved with UFF. A review appraisal will also be required.

Renegotiated Sales Contracts after Completion of Appraisal

Not allowed.

Credit

All borrowers must have a minimum of three open trade lines with a minimum of 12 months history on at least one of the three.

Limited or No Traditional Credit References

Manually underwritten loans are not eligible.

Trade Lines in Dispute

Disputed trade lines which derogatory activity occurred within the last 24 months that are reported must be updated to show dispute resolution or acceptable settlement. Disputed collection accounts with Zero balance are acceptable.

Mortgage

Late payments of 30 days or more within the prior 12 months are ineligible.

Short Sales

- A borrower in default on the mortgage at the time of the short sale is not eligible for a new FHA insured mortgage for 3 years from the date of the pre-foreclosure sale.

Bankruptcy

Chapter 7 Bankruptcy

At least 2 years must have elapsed since the date of the discharge of the bankruptcy. In addition, the borrower must have re-established an acceptable credit history.

Chapter 13 Bankruptcy

- One full year of the payout period of under the bankruptcy has elapsed.
- The borrower has made all scheduled payments on time and is current on their obligation.

- The borrower must receive written permission from the bankruptcy court to enter into a new mortgage transaction.

Foreclosure and Deed in Lieu of Foreclosure

A minimum of 3 years must have elapsed since the satisfaction and release of a previous foreclosure.

Consumer Credit Counseling

- One full year of the payout period has elapsed.
- The borrower has made all scheduled payments on time and is current on their obligation.
- The borrower must receive written permission from the counseling agency to enter into a new mortgage transaction.

Judgments

Must be paid in full.

Collections

Collection accounts are subject to Underwriter discretion. Generally accounts with a balance of \geq \$1,000 must be paid off as a condition of mortgage approval. The underwriting decision will be based on the strength of the whole loan file, the potential for recourse and the borrower's reserves.

Credit inquiries

All inquiries must be addressed with a credit supplement.

Liabilities

Accounts may not be "paid down" to 10 months or less to allow the borrower to qualify. Installment or Mortgage accounts must be paid in full.

Short Term Debt

Debts consisting of 10 months or less remaining in the payment schedule must be calculated in qualifying the borrower if the debt will affect the borrower's ability to pay the mortgage after the closing.

Contingent Liabilities

Contingent liabilities are debts the borrower is not currently required to pay but may be required to pay in the future (e.g. co-signed loans, court ordered payments, previous residence sold on assumption of Mortgage).

Co-signed Loans

The monthly payment on a co-signed loan may be excluded from long term debt only with evidence of timely payments being made by the primary obligor for a period of 12 months or longer.

Contingent liabilities need not be considered if:

- The mortgage is current with no late payments in the last 12 months
- The value of the property documented by an appraisal or HUD-1 from the sale of the property minus the UFMIP results in an LTV of 75% or less

Projected Obligations

Debt payments such as student loans or balloon notes schedule to begin or come due within 12 months of the mortgage loan closing must be included as monthly obligations. Debt Payments do not have to be classified as projected obligations if the borrower provides evidence that the debt will be deferred to a period outside the 12 month time frame.

Employment and Income

The borrower must have a 2 year history of employment with a minimum of 30 days paystubs from their current job. All job gaps of one month or longer must be satisfactorily explained.

Borrowers Returning to Work after an Extended Absence:

- Must be employed in the current position for a minimum of 6 months.
- Must have a 2 year history prior to the absence.

Overtime and Bonus Income

- Must be received for a period of no less than 2 years and likely to continue.
- Declining income requires a written explanation and a review of the previous 3 year period.

Part Time Income

Borrower must document a 2 year history of uninterrupted part time employment.

Seasonal Income

Borrower must be employed in the same job for the past 2 years and expect to be rehired in the next season.

Commission Income

Must be received a minimum of 2 years. Commission income showing a decrease in the current year requires a letter of explanation and significant compensating factors.

Retirement Income

Must be verified that the income will continue for a minimum of 3 years. Annuities require verification that sufficient assets allow for planned distributions. Social Security income must be verified via tax returns or award letter.

Auto Allowance and Expense Payments

Only the amount that exceeds the actual expense may be considered income. Verification is required from the employer that the expense payments will continue.

Family Business Income

Must verify the borrower is not an owner of the business via 2 years tax returns.

Self-Employment Income

Borrowers with 25% or greater ownership in a business are considered self-employed. Income must be received for a minimum of 2 years to be eligible for consideration and verified by the most recent 2 years tax returns and a profit and loss statement. If the borrower has ownership interest in a corporation or partnership then the most recent 2 years business tax returns must also be provided.

Alimony, Child Support, and Maintenance Income

Must be received for a minimum of 12 months prior to the loan closing and guaranteed to continue for 3 years thereafter.

Investment Income

Interest and dividend income must be received for a minimum of 2 years prior to loan closing.

Trust Income

Income must be guaranteed to continue for a minimum of 3 years.

Rental Income

Must be verified by a current lease, an agreement to lease, or 2 year history via tax returns.

Boarder Income

Rental income from boarders may be considered if the resident is related to the borrower by blood, marriage or law, and must be documented on the borrower's tax return.

Non Taxable Income

Must be verified as being exempt from federal income tax and may be grossed up using the same tax rate from the borrower's previous tax year.

Debt to Income

- Maximum debt to income is limited to 55% with a score of 660 or greater.
- Maximum debt to income is limited to 45% with a score of 640-659.
- Maximum debt to income on all HPLM's is limited to 45% regardless of credit score.

DTI limitations apply to all loans regardless of AUS decision.

Funds for Closing

Must be verified regardless of source.

Savings and Checking Account

Verification must be provided by the most recent bank statement as requested by AUS findings.

Investment Accounts

Up to 60% of the value of the assets may be used in a 401K, IRA, Thrift Savings Plan and KEOGH accounts.

Stocks and Bonds

Up to 100% of the value of the asset may be used and verified by a monthly or quarterly statement from the financial institution.

Savings Bonds

Up to 100% of the original purchase price may be used.

Sale of Personal Property

A borrower may sell personal property and use the funds for closing if:

A valid appraisal was made, documented and provided to the lender as proof of value.

Borrower can provide a valid receipt with proof of sale.

Gifts

There must be no expected or implied repayment of the funds to the donor by the borrower.

Acceptable Donors Providing Gift Funds to Borrower

- Relative.
- Close friend with a clearly defined and documented interest in the borrower.

Note: The gift donor may not be a person or entity with an interest in the sale of the property.

If the borrower's consumer debt is paid by a third party other than a relative or property related items are included/paid into the transaction, an inducement to purchase exists, and the amount of

the funds or value must be reduced dollar for dollar from the sales price.

Equity Credit

Permitted by family members only.

Commission from Subject Property Sale (Realtor/Borrower)

If the borrower is a licensed Real Estate Agent that is entitled to a commission from the sale of the property being purchased, then he/she may use that amount for the cash investment. In addition, a family member entitled to the commission may also provide it as gift funds to the borrower.

Minimum Down Payment

The minimum down payment is 3.5% of the lesser of the appraised value or sales price. The 3.5% may not be met by borrower-paid closing costs, prepaid expenses, commitment fees or discount points or premium pricing. The borrower may obtain a gift for the down payment from a family member.

Seller Contributions

Maximum seller contribution is 6%.

Seller contributions limited to:

- Discount Points
- Seller paid closing costs
- Prepaid expenses
- UPMIP (entire)

Reserves

Determined by AUS.

Mortgage Insurance

The table below shows the previous and new duration of MIP by amortization term and LTV ratio at origination. This table is effective on all FHA loans with case numbers ordered on or after June 3, 2013.

Term	LTV	Previous	New
<= 15	<= 78	No annual MIP	11 years
<= 15	> 78 - 90	Cancelled at 78%	11 years
<= 15	> 90	Cancelled at 78%	Loan term
> 15	<= 78	5 years	11 years
> 15	> 78 - 90	Cancelled at 78% and 5 years	11 years
> 15	> 90	Cancelled at 78% and 5 years	Loan term

* Streamline refinance loans endorsed on or before May 31, 2009 are exempt from the new increase.

The factors in the table below apply to all loans with case numbers assigned on or after April 1st, 2013.

Base Loan Amount	Loan Term > 15 years		
	LTV	UFMIP	Monthly

<= 625,500	<= 95	1.75	1.30
<= 625,500	> 95	1.75	1.35
> 625,500	<= 95	1.75	1.50
> 625,500	> 95	1.75	1.55
Loan Term <= 15 years			
Base Loan Amount	LTV	UFMIP	Monthly
<= 625,500	78.01 - 90	1.75	0.45
<= 625,500	> 90	1.75	0.70
> 625,500	78.01 - 90	1.75	0.70
> 625,500	> 90	1.75	0.95

The factors in the table below apply to all loans with case numbers assigned on or after June 3rd, 2013

Loan Term <= 15 years			
Base Loan Amount	LTV	UFMIP	Monthly
Any loan amount	<= 78	1.75	0.45

Identity of Interest Transactions

An Identity of interest transaction is a sale between parties with family or business relationships. When this relationship exists the maximum LTV is limited to 85%.

Exceptions to the maximum LTV are as follows:

- A family member purchasing another family members home as a primary residence.
- An employee of a builder purchases one of the builders new homes as a primary residence.
- A current tenant (including family member) purchases the property where he/she has rented for at least 6 months predating the sales contract.

Additional Overlay Requirements

The following section describes the required and permissible documentation on all loan types.

Employment

A verbal verification of employment must be completed three days prior to the note date and prior to loan QC.

Income

A signed 4506-T must be processed for all borrowers when tax returns are used to calculate income and the IRS transcripts must be obtained for the most recent two years available prior to final approval.

- Tax transcripts may not be substituted for the borrower's tax returns.

Transcripts are not required on FHA Streamline loans.

Assets

A verification of deposit is not permitted as a sole verification of assets. Borrowers must provide current statements from the institution managing or holding the asset.

Short Payoff

The loan must fund no later than the 5th day of the month to receive the interest credit.

Acreage

The maximum allowed is 20 acres.

**The guidelines contained herein are general product guidelines, and are in no way intended to imply an approval of any particular borrower or transaction. All loans are subject to final approval of United Fidelity Funding Corp. For additional information or clarification of guidelines, policies and procedures, contact your Account Executive. Guidelines are subject to change without notice.
United Fidelity Funding is an Equal Housing Lender.**