

Product Guidelines



Sun West Mortgage Company

January 05, 2012

Version 2.4

SUN WEST IS ON THE RISE. COAST TO COAST. ACROSS THE NATION.

Full Service Mortgage Bankers, offering a diverse range of home loan programs backed by FHA, VA, USDA, Fannie Mae and Freddie Mac.

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Sun West Mortgage Company, Inc. (NMLS ID 3277) is licensed by the Department of Corporations as a California Finance Lender (License #603 0119) and is licensed by the Department of Real Estate (License #00793885). Refer to www.swmc.com to see where SWMC is a licensed lender. In all states, the principal licensed office of Sun West Mortgage Company, Inc. is 18303, Gridley Road in Cerritos, CA 90703; Phone: (800) 453-7884

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Sun West Mortgage reserves the right to revise the locked price on loans which do not meet the attached guidelines. Please contact your account representative at (800) 453-7884 if you would like to request an exception to the attached guidelines.

FHA LOAN PROGRAMS

Standard FHA Loan Programs: SO11S01F00 (Fixed), SM11S00F00 (ARM)

Loan Purpose	<ul style="list-style-type: none"> Purchase Rate & Term Refinance Cash-Out Refinance (Not available in Texas) Streamline Refinance 																														
Amortization Term	<ul style="list-style-type: none"> Fixed Rate: 15 Years and 30 Years Adjustable Rate: 3/1 and 5/1 																														
Occupancy	<ul style="list-style-type: none"> Owner-occupied properties only 																														
Eligible Properties	<ul style="list-style-type: none"> Attached / Detached SFRs PUDs HUD-approved Condos 2-4 Units 																														
Credit Scores	<table border="1"> <thead> <tr> <th>Loan Purpose</th> <th>Loan Scenario</th> <th>Minimum FICO</th> </tr> </thead> <tbody> <tr> <td rowspan="5">Purchases</td> <td>DTI Back Ratio <= 43 and Housing Payment Shock <= 20%</td> <td>620</td> </tr> <tr> <td>DTI Back Ratio > 43 and Housing Payment Shock <= 20%</td> <td>640</td> </tr> <tr> <td>DTI Back Ratio <= 43 and Housing Payment Shock > 20%</td> <td>640</td> </tr> <tr> <td>DTI Back Ratio > 43 and Housing Payment Shock > 20%</td> <td>680</td> </tr> <tr> <td>HUD Repo with Down Payment < 3.5%</td> <td>680</td> </tr> <tr> <td rowspan="2">Rate & Term Refinances</td> <td>DTI Back Ratio <= 43</td> <td>620</td> </tr> <tr> <td>DTI Back Ratio > 43</td> <td>640</td> </tr> <tr> <td>Streamline Refinance</td> <td>All Streamline Refinances</td> <td>640</td> </tr> <tr> <td rowspan="2">Cash-Out Refinance</td> <td>LTV <= 75%</td> <td>660</td> </tr> <tr> <td>LTV > 75%</td> <td>720</td> </tr> <tr> <td>All Loan Purposes</td> <td>2-4 Units</td> <td>680</td> </tr> </tbody> </table> <p>Note: Non-traditional credit is not allowed.</p>	Loan Purpose	Loan Scenario	Minimum FICO	Purchases	DTI Back Ratio <= 43 and Housing Payment Shock <= 20%	620	DTI Back Ratio > 43 and Housing Payment Shock <= 20%	640	DTI Back Ratio <= 43 and Housing Payment Shock > 20%	640	DTI Back Ratio > 43 and Housing Payment Shock > 20%	680	HUD Repo with Down Payment < 3.5%	680	Rate & Term Refinances	DTI Back Ratio <= 43	620	DTI Back Ratio > 43	640	Streamline Refinance	All Streamline Refinances	640	Cash-Out Refinance	LTV <= 75%	660	LTV > 75%	720	All Loan Purposes	2-4 Units	680
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Approval Type	AUS (DU / LP) Only. Manual underwriting is not acceptable except on non-credit qualifying Streamline Refinances																														
Self Employed	Allowed																														
Bankruptcy & Foreclosures	<ul style="list-style-type: none"> For a Bankruptcy discharged or a Foreclosure recorded within the last 3 years, no 30-day late payments or derogatory credit of any type is acceptable from the date Bankruptcy was filed or Foreclosure was recorded. Borrowers must have re-established credit. 																														
Mortgage Lates	<ul style="list-style-type: none"> None in last 24 months on any mortgage 																														
Collection Accounts	<ul style="list-style-type: none"> Housing-expense related collection accounts within 24 months are not allowed. Other collections (including medical) are subject to UW discretion on the file. 																														
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Subordinate Financing	Allowed																														
Maximum Loan Amount	<ul style="list-style-type: none"> 1 Unit: Lesser of \$417,000 or maximum county limit 2 Units: Lesser of \$533,850 or maximum county limit 3 Units: Lesser of \$645,300 or maximum county limit 4 Units: Lesser of \$801,950 or maximum county limit <p>Click Here for County limits</p>																														
Maximum Number of Properties Financed by borrower	<ul style="list-style-type: none"> 2 (inclusive of subject) Limitation does not apply if loan purpose is streamline refinance 																														
Flip Waiver	Sun West offers Property Flip Waiver as a separate product. Please Click Here to view FHA Property																														

Flip Waiver guidelines.

PITI Reserves	<ul style="list-style-type: none"> • 3 months' reserves, excluding Gift Funds, required for First Time Home Buyer if Housing Payment Shock > 20% and FICO < 680 and DTI Back Ratio is > 43 • 3 months' reserves, excluding Gift Funds, required for 3-4 unit properties; • 3 months' reserves on 2-unit properties if DTI Back Ratio without rental income exceeds 60 • 6 months' reserves if LTV/CLTV > 80% and proposed rents are used to qualify and DTI Back Ratio without rental income exceeds 60
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Gift Funds Allowed if FICO is 680 or higher.

LTV / CLTV

Loan Purpose	LTV	CLTV
Purchase	96.5%	100% ¹
Rate & Term Refinance	97.75%	97.75% ²
Streamline Refinance	125%	125%
Cash-Out Refinance	85%	85%

- ¹CLTV allowed is 105% for purchases, if using a Govt. Down Payment Assistance Program.
- ²CLTV allowed for R/T refinances is 115% for loans qualifying under HUD ML 10-23 with FICO more than 720.
- Maximum LTV for 2-4 unit properties, with non-occupying co-borrower, is 75%.

Payment History Documentation Non-credit qualifying streamline refinance must evidence at least 6-month mortgage history.

Maximum DTI Ratios

Loan Scenario	Max. Front Ratio	Max. Back Ratio
620 <= FICO < 640 and Housing Payment Shock <= 20%	43	43
FICO => 640 and Housing Payment Shock <=20%	45	55
640 < FICO <= 680 and Housing Payment Shock > 20%	43	43
FICO => 680 and Housing Payment Shock > 20%	45	55
3-4 unit properties	31	43

- Note:** When a non-occupying co-applicant is used to qualify the borrower:
- DTI Back Ratio calculated without using non-occupying applicant's income must not exceed 60.
 - Proposed rents cannot be used as income to qualify.

Down Payment Assistance (DPA) Allowed in conjunction with first mortgage loans with following overlays:

- The DPA meets all published requirements of FHA; and
- The first Mortgage sold to SWMC is not subject to any terms or conditions of a bond program; and
- The DPA does not restrict the transfer of servicing rights of the first Mortgage sold to SWMC. In addition, it may not require prior notification or approval from the sponsoring authority in the event of the transfer of the first mortgage's servicing rights.

Cash Out on Short Pay-Off Not allowed

Escrow Holdback for Minor Repairs Allowed only if repair is completed within 5 Days.

FHA Refinance consolidating 1st and 2nd liens An FHA Refinance involving the refinance of both 1st and 2nd liens into a single FHA loan, in which the 2nd lien was a HELOC more than 12 months old, is permissible as a Rate and Term refinance. The HELOC loan balance eligible to be added to the new loan amount would be:

- The current loan balance, if there were no draws in the last 12 months or if the draws were for the purposes of repairs and rehabilitation.
- If there were draws in the last 12 months which were for the purposes other than repair and rehabilitation, only the draws of up to \$1,000 may be added to the refinance loan amount.
- If the balance or any portion of an equity line of credit in excess of \$1,000 was advanced within the past 12 months and was for purposes other than repairs and rehabilitation of the property, that portion above and beyond \$1,000 of the line of credit is NOT eligible for inclusion in the new mortgage. These amounts must be paid from the Borrower's funds at closing or the transaction must be treated as a Cash-Out Refinance and must meet the Cash-Out refinance guidelines (85% LTV, etc).

[FHA Manufactured Housing: AA12S01F00](#)

Loan Purpose	<ul style="list-style-type: none"> Purchase Rate & Term Refinance Streamline Refinance 																	
Amortization Term	<ul style="list-style-type: none"> Fixed Rate: 30 Years 																	
Occupancy	<ul style="list-style-type: none"> Owner-occupied properties only 																	
Eligible Properties	<ul style="list-style-type: none"> 1-Unit Manufactured Home HUD-approved Manufactured Condos Leasehold Manufactured Home Properties <p>Note: Single-wide Manufactured Homes are not allowed.</p>																	
Credit Scores	<table border="1"> <thead> <tr> <th>Loan Purpose</th> <th>Loan Scenario</th> <th>Minimum FICO</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Purchases</td> <td>Housing Payment Shock <= 20%</td> <td>660</td> </tr> <tr> <td>Housing Payment Shock > 20%</td> <td>680</td> </tr> <tr> <td>Rate & Term Refinances</td> <td>All Rate and Term Refinances</td> <td>660</td> </tr> <tr> <td>Streamline Refinance</td> <td>All Streamline Refinances</td> <td>680</td> </tr> <tr> <td>All Loan Purposes</td> <td>Leasehold Properties</td> <td>700</td> </tr> </tbody> </table> <p>Note: Non-traditional credit is not allowed.</p>	Loan Purpose	Loan Scenario	Minimum FICO	Purchases	Housing Payment Shock <= 20%	660	Housing Payment Shock > 20%	680	Rate & Term Refinances	All Rate and Term Refinances	660	Streamline Refinance	All Streamline Refinances	680	All Loan Purposes	Leasehold Properties	700
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Approval Type	AUS (DU / LP) Only. Manual underwriting is not acceptable except on non-credit qualifying Streamline Refinances																	
Self Employed	Allowed																	
Bankruptcy & Foreclosures	<ul style="list-style-type: none"> None allowed in last 3 years None allowed ever for leasehold properties 																	
Mortgage Lates	<ul style="list-style-type: none"> None in last 24 months on any mortgage None allowed ever for leasehold properties 																	
Collection Accounts	<ul style="list-style-type: none"> Housing-expense related collection accounts within 24 months are not allowed. Other collections (including medical) are subject to UW discretion on the file. No collection accounts or charge offs allowed ever for leasehold properties. 																	
Housing Payment Shock	<p>This guideline is applicable to Purchase transactions only. Housing Payment Shock is calculated as the difference between the new housing payment and existing housing payment divided by existing housing payment times 100. Existing housing payment must be documented.</p> <table border="1"> <thead> <tr> <th>Loan Scenario</th> <th>Maximum Housing Payment Shock</th> </tr> </thead> <tbody> <tr> <td>660 <= FICO < 680</td> <td>20%</td> </tr> <tr> <td>FICO => 680</td> <td>N/A</td> </tr> </tbody> </table>	Loan Scenario	Maximum Housing Payment Shock	660 <= FICO < 680	20%	FICO => 680	N/A											
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Non-occupying Co-borrower	Not allowed for credit qualification																	
Subordinate Financing	Not allowed																	
LTV / CLTV	<table border="1"> <thead> <tr> <th>Loan Purpose</th> <th>LTV</th> <th>CLTV</th> </tr> </thead> <tbody> <tr> <td>Purchase</td> <td>96.5%</td> <td>96.5%</td> </tr> <tr> <td>Rate & Term Refinance</td> <td>97.75%</td> <td>97.75%</td> </tr> <tr> <td>Streamline Refinance</td> <td>125%</td> <td>125%</td> </tr> </tbody> </table> <p>Note: HUD Repo is not allowed with LTV > 96.5%. At least 3.5% down payment is must.</p>	Loan Purpose	LTV	CLTV	Purchase	96.5%	96.5%	Rate & Term Refinance	97.75%	97.75%	Streamline Refinance	125%	125%					
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Streamline Refinance	125%	125%																
Maximum Loan Amount	<ul style="list-style-type: none"> 1 Unit: Lesser of \$417,000 or maximum county limit <p>Click Here for County limits</p>																	
Maximum Number of Properties Financed by borrower	<ul style="list-style-type: none"> 1 (inclusive of subject) Limitation does not apply if loan purpose is streamline refinance 																	
PITI Reserves	3 months' reserves required																	
Gift Funds	Not allowed																	
Payment History Documentation	Non-credit qualifying streamline refinance must evidence at least 6-month mortgage history.																	

Flip Waiver Not allowed

Escrow Holdback for Minor Repairs Not allowed

Maximum DTI Ratios

Loan Scenario	Max. Front Ratio	Max. Back Ratio
All property types except leasehold properties	35	45
Leasehold properties	29	35

FHA Jumbo: SO41S00F00

Loan Purpose	<ul style="list-style-type: none"> • Purchase • Rate & Term Refinance • Cash-Out Refinance (Not available in Texas) • Streamline Refinance
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Amortization Term	<ul style="list-style-type: none"> • Fixed Rate: 30 Years • Adjustable Rate: 5/1
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Occupancy	<ul style="list-style-type: none"> • Owner-occupied properties only
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Eligible Properties	<ul style="list-style-type: none"> • Attached / Detached SFRs • PUDs • HUD-approved Condos • 2-4 Units
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Credit Scores	Loan Purpose	Loan Scenario	Minimum FICO
	Purchases	Housing Payment Shock <= 20%	660
		Housing Payment Shock > 20%	680
	Rate & Term Refinances	All Rate and Term Refinances	660
	Streamline Refinance	All Streamline Refinances	660
	Cash-Out Refinances	LTV <= 75%	680
		LTV > 75%	720
	All Loan Purposes	2-4 Units	680

Note: Non-traditional credit is not allowed.

Approval Type	AUS (DU / LP) Only. Manual underwriting is not acceptable except on non-credit qualifying Streamline Refinances
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Self Employed	Allowed
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Bankruptcy & Foreclosures	<ul style="list-style-type: none"> • For a Bankruptcy discharged or a Foreclosure recorded within the last 3 years, no 30-day late payments or derogatory credit of any type is acceptable from the date Bankruptcy was filed or Foreclosure was recorded. • Borrowers must have re-established credit.
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Mortgage Lates	<ul style="list-style-type: none"> • None in last 24 months on any mortgage
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Collection Accounts	<ul style="list-style-type: none"> • Housing-expense related collection accounts within 24 months are not allowed. • Other collections (including medical) are subject to UW discretion on the file.
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Housing Payment Shock	This guideline is applicable to Purchase transactions only. Housing Payment Shock is calculated as the difference between the new housing payment and existing housing payment divided by existing housing payment times 100. Existing housing payment must be documented.
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Loan Scenario	Maximum Housing Payment Shock
660 <= FICO < 680	20%
FICO => 680	N/A

Subordinate Financing	Allowed
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LTV / CLTV	Loan Purpose	LTV	CLTV
	Purchase	96.5%	100% ¹
	Rate & Term Refinance	97.75%	97.75% ²
	Streamline Refinance	125%	125%
	Cash-Out Refinance	85%	85%

- ¹CLTV allowed is 105% for purchases, if using a Govt. Down Payment Assistance Program.
- ²CLTV allowed for R/T refinances is 115% for loans qualifying under HUD ML 10-23 with FICO more than 720.
- Maximum LTV for 2-4 unit properties, with non-occupying co-borrower, is 75%.

Minimum Borrower Contribution	3.5% is required, excluding gift funds and down payment assistance
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Minimum Loan Amount	<ul style="list-style-type: none"> • 1 Unit: \$417,000 • 2 Units: \$533,850 • 3 Units: \$645,300 • 4 Units: \$801,950
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Maximum Loan Amount	Click Here for maximum county limits
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Maximum Number of Properties Financed by borrower	<ul style="list-style-type: none"> • 2 (inclusive of subject) • Limitation does not apply if loan purpose is streamline refinance 									
PITI Reserves	<ul style="list-style-type: none"> • Minimum of 2 months' reserves, excluding Gift Funds, required for all loans • 3 months' reserves, excluding Gift Funds, required for 3-4 unit properties; • 3 months' reserves on 2-unit properties if DTI Back Ratio without rental income exceeds 60 • 6 months' reserves if LTV/CLTV > 80% and proposed rents are used to qualify and DTI Back Ratio without rental income exceeds 60 									
Gift Funds	Allowed if FICO is 680 or higher.									
Payment History Documentation	Non-credit qualifying streamline refinance must evidence at least 6-month mortgage history.									
Maximum DTI Ratios	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Loan Scenario</th> <th style="text-align: center;">Max. Front Ratio</th> <th style="text-align: center;">Max. Back Ratio</th> </tr> </thead> <tbody> <tr> <td>1-2 unit properties</td> <td style="text-align: center;">45</td> <td style="text-align: center;">47</td> </tr> <tr> <td>3-4 unit properties</td> <td style="text-align: center;">31</td> <td style="text-align: center;">43</td> </tr> </tbody> </table> <p>Note: When a non-occupying co-applicant is used to qualify the borrower:</p> <ul style="list-style-type: none"> • DTI Back Ratio calculated without using non-occupying applicant's income must not exceed 60. • Proposed rents cannot be used as income to qualify. 	Loan Scenario	Max. Front Ratio	Max. Back Ratio	1-2 unit properties	45	47	3-4 unit properties	31	43
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1-2 unit properties	45	47								
3-4 unit properties	31	43								
Flip Waiver	<ul style="list-style-type: none"> • Offered upon special exception only. Please contact your account executive. 									
Down Payment Assistance (DPA)	<p>Allowed in conjunction with first mortgage loans with following overlays:</p> <ul style="list-style-type: none"> • The DPA meets all published requirements of FHA; and • The first Mortgage sold to SWMC is not subject to any terms or conditions of a bond program; and • The DPA does not restrict the transfer of servicing rights of the first Mortgage sold to SWMC. In addition, it may not require prior notification or approval from the sponsoring authority in the event of the transfer of the first mortgage's servicing rights. 									
Cash Out on Short Pay-Off	Not allowed									
Escrow Holdback for Minor Repairs	Not allowed									
FHA Refinance consolidating 1st and 2nd liens	<p>An FHA Refinance involving the refinance of both 1st and 2nd liens into a single FHA loan, in which the 2nd lien was a HELOC more than 12 months old, is permissible as a Rate and Term refinance. The HELOC loan balance eligible to be added to the new loan amount would be:</p> <ul style="list-style-type: none"> • The current loan balance, if there were no draws in the last 12 months or if the draws were for the purposes of repairs and rehabilitation. • If there were draws in the last 12 months which were for the purposes other than repair and rehabilitation, only the draws of up to \$1,000 may be added to the refinance loan amount. • If the balance or any portion of an equity line of credit in excess of \$1,000 was advanced within the past 12 months and was for purposes other than repairs and rehabilitation of the property, that portion above and beyond \$1,000 of the line of credit is NOT eligible for inclusion in the new mortgage. These amounts must be paid from the Borrower's funds at closing or the transaction must be treated as a Cash-Out Refinance and must meet the Cash-Out refinance guidelines (85% LTV, etc). 									

FHA 203(K) - AA11S00000 & FHA 203(K) Jumbo - SM32S00F00

Loan Purpose	<ul style="list-style-type: none"> • Purchase • Rate & Term Refinance
Amortization Term	<ul style="list-style-type: none"> • Fixed Rate: 30 Years
Occupancy	<ul style="list-style-type: none"> • Owner-occupied properties only
Eligible Properties	<ul style="list-style-type: none"> • Attached / Detached SFRs • PUDs • HUD-approved Condos • Manufactured Housing • 2-4 Units

Credit Scores	Loan Purpose	Loan Scenario	Minimum FICO
Purchases		DTI Back Ratio <= 43 and Housing Payment Shock <= 20%	620
		DTI Back Ratio > 43 and Housing Payment Shock <= 20%	640
		DTI Back Ratio <= 43 and Housing Payment Shock > 20%	640
		DTI Back Ratio > 43 and Housing Payment Shock > 20%	680
		HUD Repo with Down Payment < 3.5%	680
		Rehabilitation amount > 40% of loan amount calculated at after-improved value	720
Rate & Term Refinances		DTI Back Ratio <= 43	620
		DTI Back Ratio > 43	640
		Rehabilitation amount > 40% of loan amount calculated at after-improved value	720
All Loan Purposes		2-4 Units	680

Note: Non-traditional credit is not allowed.

Approval Type	AUS (DU / LP) Only
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Self Employed	Allowed
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Bankruptcy & Foreclosures	<ul style="list-style-type: none"> • For a Bankruptcy discharged or a Foreclosure recorded within the last 3 years, no 30-day late payments or derogatory credit of any type is acceptable from the date Bankruptcy was filed or Foreclosure was recorded. • Borrowers must have re-established credit.
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Mortgage Lates	<ul style="list-style-type: none"> • None in last 24 months on any mortgage
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Collection Accounts	<ul style="list-style-type: none"> • Housing-expense related collection accounts within 24 months are not allowed. • Other collections (including medical) are subject to UW discretion on the file.
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Housing Payment Shock	This guideline is applicable to Purchase transactions only. Housing Payment Shock is calculated as the difference between the new housing payment and existing housing payment divided by existing housing payment times 100. Existing housing payment must be documented.
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Loan Scenario	Maximum Housing Payment Shock
620 <= FICO < 640 and DTI Back Ratio <= 43	20%
FICO => 640 and DTI Back Ratio <= 43	N/A
640 => FICO < 680 and DTI Back Ratio > 43	20%
FICO => 680 and DTI Back Ratio > 43	N/A

Subordinate Financing	Allowed
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LTV / CLTV			
Loan Purpose	LTV	CLTV	
Purchase	96.5%	100% ¹	
Rate & Term Refinance	97.75%	97.75%	

- ¹CLTV allowed is 105% for purchases, if using a Govt. Down Payment Assistance Program.
- Maximum LTV for 2-4 unit properties, with non-occupying co-borrower, is 75%.

Loan Amount	<table border="1"> <thead> <tr> <th>Conforming 203K (Max Loan Amt)</th> <th>203K Jumbo (Min Loan Amt)</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> • 1 Unit: Lesser of \$417,000 or maximum county limit • 2 Units: Lesser of \$533,850 or maximum county limit • 3 Units: Lesser of \$645,300 or maximum county limit • 4 Units: Lesser of \$801,950 or maximum county limit Click Here for County limits </td> <td> <ul style="list-style-type: none"> • 1 Unit: \$417,000 • 2 Units: \$533,850 • 3 Units: \$645,300 • 4 Units: \$801,950 </td> </tr> </tbody> </table>	Conforming 203K (Max Loan Amt)	203K Jumbo (Min Loan Amt)	<ul style="list-style-type: none"> • 1 Unit: Lesser of \$417,000 or maximum county limit • 2 Units: Lesser of \$533,850 or maximum county limit • 3 Units: Lesser of \$645,300 or maximum county limit • 4 Units: Lesser of \$801,950 or maximum county limit Click Here for County limits	<ul style="list-style-type: none"> • 1 Unit: \$417,000 • 2 Units: \$533,850 • 3 Units: \$645,300 • 4 Units: \$801,950
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Loan Amount Calculation on Purchase Transactions:

- Lesser of "As is value + Rehab cost" or "Sales price + Rehab cost"
- Must not exceed 103% of after-improved value. For Condominiums, must not exceed 100%.

Loan Amount Calculation on Refinance Transactions:

- 97.75% of lesser of "As is value + Rehab cost" or "Existing debt + Rehab cost + Closing cost and prepays"
- Must not exceed 103% of after-improved value. For Condominiums, must not exceed 100%.

Maximum Number of Properties Financed by borrower 2 (inclusive of subject)

PITI Reserves

- 3 months' reserves, excluding Gift Funds, required for First Time Home Buyer if Housing Payment Shock > 20% and FICO < 680 and DTI Back Ratio is > 43
- 3 months' reserves, excluding Gift Funds, required for 3-4 unit properties;
- 3 months' reserves if rehabilitation amount > 40% of loan amount calculated at after-improved value
- 3 months' reserves on 2-unit properties if DTI Back Ratio without rental income exceeds 60
- 6 months' reserves if LTV/CLTV > 80% and proposed rents are used to qualify and DTI Back Ratio without rental income exceeds 60

Gift Funds Allowed if FICO is 680 or higher.

Maximum DTI Ratios	Loan Scenario	Max. Front Ratio	Max. Back Ratio
	620 <= FICO < 640 and Housing Payment Shock <= 20%	43	43
	FICO => 640 and Housing Payment Shock <=20%	45	50
	640 < FICO <= 680 and Housing Payment Shock > 20%	43	43
	FICO => 680 and Housing Payment Shock > 20%	45	50
	3-4 unit properties	31	43

Note: When a non-occupying co-applicant is used to qualify the borrower:

- DTI Back Ratio calculated without using non-occupying applicant's income must not exceed 60.
- Proposed rents cannot be used as income to qualify.

Down Payment Assistance (DPA)

- Allowed in conjunction with first mortgage loans with following overlays:
- The DPA meets all published requirements of FHA; and
- The first Mortgage sold to SWMC is not subject to any terms or conditions of a bond program; and
- The DPA does not restrict the transfer of servicing rights of the first Mortgage sold to SWMC. In addition, it may not require prior notification or approval from the sponsoring authority in the event of the transfer of the first mortgage's servicing rights.

Cash Out on Short Pay-Off Not allowed

Loan Amounts available on a 203(k) loan

Non-Streamline 203(k):
Repairs allowed up to 50% of the loan amount.
(For repair amount constituting more than 40% of loan amount, max. LTV will be 100% calculated at after improved value.)

Streamline 203(k):
The maximum rehab amount is \$35,000 and will include at least 2 Inspection Fee draws, 2 title updates, and a 15% contingency reserve

Requirement of Home Inspection A complete home inspection is required for all REO and vacant properties and for properties requiring the services of a consultant. REO and vacant properties are eligible under streamline 203(k); however, underwriter may advise about requirement of consultant depending on the scope of work.

Types of Repairs that are eligible for a 203(k) loan

Non-Streamline 203(k):
Roof replacement, health and safety hazard mitigation, landscaping required to mitigate drainage or erosion issues, aesthetic landscaping when appraiser verifies that the value increases the dollar-for-dollar cost, sidewalk/driveway repair necessary for home access, major repair of termite damage, drywall/insulation replacement, most repairs which require permits, finishing basements. (Major construction: e.g., foundational work and room additions are NOT permitted.)

Streamline 203(k):
Cosmetic Repairs such as financing purchase/installation of new appliances; patching holes; replacing doors; painting; lead paint abatement; new counters, cabinets, windows, carpet (subfloor repair requires Non-Streamline 203k); repair/installation of HVAC; weatherization; minor repair of termite damage. The property should be inhabitable at the time of loan closing.

Repairs that are ineligible on a 203(k) loan Foundation and structural repairs, major remodeling (i.e., NO additions), houses never completed or where the certificate of occupancy was issued less than one year ago, major replacement/reconditioning of utilities (e.g., plumbing, electrical).

Exclusions on a 203(k) loan

Streamline 203(k):
Upfront draws are only available for documented material costs (with receipts or invoices).

Geographic Restrictions: Sun West currently does not offer FHA 203(k) in the state of TX.

Supplemental Origination Fee 1.5% of Rehabilitation Amount or \$350, whichever is greater, must be charged.

FHA Property Flip Waiver - SO11000F00

Loan Purpose	<ul style="list-style-type: none"> Purchase 														
Amortization Term	<ul style="list-style-type: none"> Fixed Rate: 30 Years 														
Occupancy	<ul style="list-style-type: none"> Owner-occupied properties only 														
Eligible Properties	<ul style="list-style-type: none"> Attached / Detached SFRs PUDs HUD-approved Condos 2-4 Units 														
Credit Scores	<table border="1"> <thead> <tr> <th>Loan Scenario</th> <th>Minimum FICO</th> </tr> </thead> <tbody> <tr> <td>DTI Back Ratio <= 43 and Housing Payment Shock <= 20%</td> <td>620</td> </tr> <tr> <td>DTI Back Ratio > 43 and Housing Payment Shock <= 20%</td> <td>640</td> </tr> <tr> <td>DTI Back Ratio <= 43 and Housing Payment Shock > 20%</td> <td>640</td> </tr> <tr> <td>DTI Back Ratio > 43 and Housing Payment Shock > 20%</td> <td>680</td> </tr> <tr> <td>HUD Repo with Down Payment < 3.5%</td> <td>680</td> </tr> <tr> <td>2-4 Units</td> <td>680</td> </tr> </tbody> </table> <p>Note: Non-traditional credit is not allowed.</p>	Loan Scenario	Minimum FICO	DTI Back Ratio <= 43 and Housing Payment Shock <= 20%	620	DTI Back Ratio > 43 and Housing Payment Shock <= 20%	640	DTI Back Ratio <= 43 and Housing Payment Shock > 20%	640	DTI Back Ratio > 43 and Housing Payment Shock > 20%	680	HUD Repo with Down Payment < 3.5%	680	2-4 Units	680
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Approval Type	AUS (DU / LP) Only.														
Self Employed	Allowed														
Bankruptcy & Foreclosures	<ul style="list-style-type: none"> For a Bankruptcy discharged or a Foreclosure recorded within the last 3 years, no 30-day late payments or derogatory credit of any type is acceptable from the date Bankruptcy was filed or Foreclosure was recorded. Borrowers must have re-established credit. 														
Mortgage Lates	None in last 24 months on any mortgage														
Collection Accounts	<ul style="list-style-type: none"> Housing-expense related collection accounts within 24 months are not allowed. Other collections (including medical) are subject to UW discretion on the file. 														
Housing Payment Shock	<p>This guideline is applicable to Purchase transactions only. Housing Payment Shock is calculated as the difference between the new housing payment and existing housing payment divided by existing housing payment times 100. Existing housing payment must be documented.</p> <table border="1"> <thead> <tr> <th>Loan Scenario</th> <th>Maximum Housing Payment Shock</th> </tr> </thead> <tbody> <tr> <td>620 <= FICO < 640 and DTI Back Ratio <= 43</td> <td>20%</td> </tr> <tr> <td>FICO => 640 and DTI Back Ratio <= 43</td> <td>N/A</td> </tr> <tr> <td>640 => FICO < 680 and DTI Back Ratio > 43</td> <td>20%</td> </tr> <tr> <td>FICO => 680 and DTI Back Ratio > 43</td> <td>N/A</td> </tr> </tbody> </table>	Loan Scenario	Maximum Housing Payment Shock	620 <= FICO < 640 and DTI Back Ratio <= 43	20%	FICO => 640 and DTI Back Ratio <= 43	N/A	640 => FICO < 680 and DTI Back Ratio > 43	20%	FICO => 680 and DTI Back Ratio > 43	N/A				
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Maximum Loan Amount	<ul style="list-style-type: none"> 1 Unit: Lesser of \$417,000 or maximum county limit 2 Units: Lesser of \$533,850 or maximum county limit 3 Units: Lesser of \$645,300 or maximum county limit 4 Units: Lesser of \$801,950 or maximum county limit <p>Click Here for County limits</p>														
Maximum Number of Properties Financed by borrower	2 (inclusive of subject)														
PITI Reserves	<ul style="list-style-type: none"> 3 months' reserves, excluding Gift Funds, required for First Time Home Buyer if Housing Payment Shock > 20% and FICO < 680 and DTI Back Ratio is > 43 3 months' reserves, excluding Gift Funds, required for 3-4 unit properties; 3 months' reserves on 2-unit properties if DTI Back Ratio exceeds 60 6 months' reserves if LTV/CLTV > 80% and proposed rents are used to qualify and DTI Back Ratio without rental income exceeds 60 														
Gift Funds	Allowed if FICO is 680 or higher.														
Cash Out on Short	Not allowed														

Pay-Off

Escrow Holdback for Minor Repairs Allowed only if repair is completed within 5 Days.

Maximum DTI Ratios

Loan Scenario	Max. Front Ratio	Max. Back Ratio
620 <= FICO < 640 and Housing Payment Shock <= 20%	43	43
FICO => 640 and Housing Payment Shock <=20%	45	55
640 < FICO <= 680 and Housing Payment Shock > 20%	43	43
FICO => 680 and Housing Payment Shock > 20%	45	55
3-4 unit properties	31	43

Note: When a non-occupying co-applicant is used to qualify the borrower:

- DTI Back Ratio calculated without using non-occupying applicant's income must not exceed 60.
- Proposed rents cannot be used as income to qualify.

Down Payment Assistance (DPA)

Allowed in conjunction with first mortgage loans with following overlays:

- The DPA meets all published requirements of FHA; and
- The first Mortgage sold to SWMC is not subject to any terms or conditions of a bond program; and
- The DPA does not restrict the transfer of servicing rights of the first Mortgage sold to SWMC. In addition, it may not require prior notification or approval from the sponsoring authority in the event of the transfer of the first mortgage's servicing rights.

Listing and Selling Agent

- Cannot be the same or related.
- There must NOT be an identity of interest or a potential borrower situation.

Seller

Seller must be an individual; cannot be an LLC or corporation.

Exception for LLC Seller³ may be granted provided following documents are provided in the loan package:

1. Articles of incorporation
2. List of officers, directors, and shareholders
3. Certificate of Good standing

³The underwriter carefully reviews all of the docs to determine that there is NO relation between the LLC and either the mortgage broker, selling agent, or the borrower.

If Sales Price exceeds 20% of Seller Acquisition Cost

- A second appraisal is required with appraiser documenting the reasons for the increase in value.
- Property inspection ordered by Mortgagee is required.
- The second appraisal will be ordered by Sun West Mortgage Company, Inc.

Transfer of Property

- No intermediate transfer is allowed.

Transfer of Title

- No recent transfers to the Seller are allowed.

Program Expiration Date

- The program is set to expire December 31, 2012 and the expiration date applies to the date of Purchase Contract.

VA LOAN PROGRAMS

Standard VA Loan Program- SO15S00000 / VA Flip Waiver Fixed - SO15O00000

Loan Purpose	<ul style="list-style-type: none"> Purchase Cash-Out Refinance (Not available in Texas) VA IRRRL (Streamline) with Appraisal 																							
Amortization Term	<ul style="list-style-type: none"> Fixed Rate: 15 Years and 30 Years Adjustable Rate: 3/1 and 5/1 																							
Occupancy	<ul style="list-style-type: none"> Owner-occupied properties only 																							
Eligible Properties	<ul style="list-style-type: none"> Attached / Detached SFRs PUDs Condos 2-4 Units 																							
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Approval Type	AUS (DU / LP) Only																							
Self Employed	Allowed																							
Bankruptcy & Foreclosures	<ul style="list-style-type: none"> For a Bankruptcy discharged or a Foreclosure recorded within the last 3 years, no 30-day late payments or derogatory credit of any type is acceptable from the date Bankruptcy was filed or Foreclosure was recorded. Borrowers must have re-established credit. 																							
Mortgage Lates	None in last 24 months on any mortgage																							
Collection Accounts	<ul style="list-style-type: none"> Housing-expense related collection accounts within 24 months are not allowed. Other collections (including medical) are subject to UW discretion on the file. 																							
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Purchase / VA IRRRL with Appraisal	100%	100%																						
Cash-Out Refinance	90%	90%																						
Maximum Loan Amount	1 to 4 Units: Greater of \$417,000 or maximum county limit. Click Here for County limits																							
Maximum Number of Properties Financed by borrower	<ul style="list-style-type: none"> 2 (inclusive of subject) 																							
Minimum VA Entitlement	<ul style="list-style-type: none"> Must be 25% (Not applicable to VA IRRRLs) 																							
PITI Reserves	<ul style="list-style-type: none"> 3 months' reserves, excluding Gift Funds, required for First Time Home Buyer if Housing Payment Shock > 20% and FICO < 680 and DTI Back Ratio is > 43 																							

- 3 months' reserves, excluding Gift Funds, required for 3-4 unit properties;
- 3 months' reserves on 2-unit properties if DTI Back Ratio exceeds 60
- 6 months' reserves if LTV/CLTV > 80% and proposed rents are used to qualify and DTI Back Ratio without rental income exceeds 60
- Does not apply to VA IRRRL with appraisal if borrower is not credit qualified.

Maximum DTI Ratios

Loan Scenario	Max. Front Ratio	Max. Back Ratio
620 <= FICO < 640 and Housing Payment Shock <= 20%	43	43
FICO => 640 and Housing Payment Shock <=20%	45	55
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3-4 unit properties	31	43

Note: When a non-occupying co-applicant is used to qualify the borrower:

- DTI Back Ratio calculated without using non-occupying applicant's income must not exceed 60.
- Proposed rents cannot be used as income to qualify.
- Does not apply to VA IRRRL with appraisal if borrower is not credit qualified.

Flip Waiver

Permitting under following conditions:

- A property inspection report ordered by SWMC is must. If the borrower chooses to obtain one, SWMC can utilize such borrower-ordered inspection report.
- Prior transfers will be carefully reviewed to ensure the values of the transfers represent a benefit to the borrower. The transfers should be arm's length and not flipped to set false value trends.
- A second (conventional) appraisal may be required and ordered by SWMC, if the sale price of the property is 20% or more than the seller's acquisition cost.

Cash Out on Short Pay-Off

- Not allowed

Escrow Holdback for Minor Repairs

- Not allowed

VA IRRRL without Appraisal - AA15S00F00

Loan Purpose	<ul style="list-style-type: none"> Interest Rate Reduction Refinancing Loan (IRRRL) without appraisal 									
Amortization Term	<ul style="list-style-type: none"> Fixed Rate: 30 Years 									
Occupancy	<ul style="list-style-type: none"> Owner-occupied properties only 									
Eligible Properties	<ul style="list-style-type: none"> Attached / Detached SFRs PUDs Condos 									
Minimum Credit Score	<ul style="list-style-type: none"> 680 									
Bankruptcy & Foreclosures	<ul style="list-style-type: none"> For a Bankruptcy discharged or a Foreclosure recorded within the last 3 years, no 30-day late payments or derogatory credit of any type is acceptable from the date Bankruptcy was filed or Foreclosure was recorded. Borrowers must have re-established credit. 									
Mortgage Lates	<ul style="list-style-type: none"> None in last 24 months on any mortgage 									
Collection Accounts	<ul style="list-style-type: none"> Housing-expense related collection accounts within 24 months are not allowed. Other collections (including medical) are subject to UW discretion on the file. 									
Subordinate Financing	<ul style="list-style-type: none"> Allowed 									
LTV / CLTV	<ul style="list-style-type: none"> 125 / 125 <p>Note:</p> <ul style="list-style-type: none"> The LTV determination is at the sole discretion of the SWMC Underwriter. For states that do not permit public access to property sales values (Non-Disclosure states), a full conventional appraisal through a SWMC-approved AMC will be required. 									
Maximum Loan Amount	<ul style="list-style-type: none"> Lesser of \$417,000 or maximum county limit (High Loan Balance Jumbos are not allowed) Click Here for County limits 									
Maximum Number of Properties Financed by borrower	<ul style="list-style-type: none"> 2 (inclusive of subject) 									
Credit Qualification	<table border="1"> <thead> <tr> <th>Loan Scenario</th> <th>Credit Qualification</th> </tr> </thead> <tbody> <tr> <td>680 <= FICO < 740</td> <td>Credit Qualification Required</td> </tr> <tr> <td>FICO =>740</td> <td>No Credit Qualification Required</td> </tr> </tbody> </table>	Loan Scenario	Credit Qualification	680 <= FICO < 740	Credit Qualification Required	FICO =>740	No Credit Qualification Required			
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680 <= FICO < 740	43	45								
FICO =>740	N/A	N/A								
Payment History Documentation	<ul style="list-style-type: none"> Non-credit qualifying VA IRRRLs must evidence at least 6-month mortgage history. 									
Value Checks	<ul style="list-style-type: none"> You may order a Value Check for \$15 through the SWMC Vendor Order System in SunSoft. If the value cannot be estimated (e.g. Non-Disclosure states) a full conventional appraisal ordered through a SWMC-approved AMC will be required. Estimated three-Hour turn-times for Value Checks. 									

VA (Jumbo) Loan Program - SO32S00F00

Loan Purpose	<ul style="list-style-type: none"> • Purchase • Cash-Out Refinance (Not available in Texas) • VA Jumbo IRRRL (Streamline) with Appraisal 																			
Amortization Term	<ul style="list-style-type: none"> • Fixed Rate: 15 Years and 30 Years • Adjustable Rate: 3/1 and 5/1 																			
Occupancy	Owner-occupied properties only																			
Eligible Properties	<ul style="list-style-type: none"> • Attached / Detached SFRs • PUDs • Condos • 2-4 Units 																			
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VA IRRRLs	With Appraisal	720																		
All Loan Purposes	2-4 Units	740																		
Appraisal Guidelines	The Appraisal must be only ordered through SWMC Approved AMCs.																			
Approval Type	AUS (DU / LP) Only																			
Self Employed	Not Allowed																			
Bankruptcy & Foreclosures	<ul style="list-style-type: none"> • For a Bankruptcy discharged or a Foreclosure recorded within the last 3 years, no 30-day late payments or derogatory credit of any type is acceptable from the date Bankruptcy was filed or Foreclosure was recorded. • Borrowers must have re-established credit. 																			
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Purchase	100%	100%																		
VA IRRRL with Appraisal	100%	100%																		
Cash-Out Refinance	90%	90%																		
Minimum Loan Amount	<ul style="list-style-type: none"> • 1 to 4 Units: \$417,000 																			
Maximum Loan Amount	Click Here for Maximum County limits																			
Maximum Number of Properties Financed by borrower	<ul style="list-style-type: none"> • 2 (inclusive of subject) 																			
Minimum VA Entitlement	<ul style="list-style-type: none"> • Must be 25% (Not applicable to VA IRRRLs) 																			
Maximum DTI Ratios	<table border="1"> <thead> <tr> <th>Loan Scenario</th> <th>Max. Front Ratio</th> <th>Max. Back Ratio</th> </tr> </thead> <tbody> <tr> <td>1-2 unit properties</td> <td>43</td> <td>47</td> </tr> </tbody> </table>	Loan Scenario	Max. Front Ratio	Max. Back Ratio	1-2 unit properties	43	47													
Loan Scenario	Max. Front Ratio	Max. Back Ratio																		
1-2 unit properties	43	47																		

3-4 unit properties	31	43
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Note: When a non-occupying co-applicant is used to qualify the borrower:

- DTI Back Ratio calculated without using non-occupying applicant's income must not exceed 60.
- Proposed rents cannot be used as income to qualify.
- Does not apply to VA IRRRL with appraisal if borrower is not credit qualified.

Flip Waiver

Permitting under following conditions:

- A property inspection report ordered by SWMC is must. If the borrower chooses to obtain one, SWMC can utilize such borrower-ordered inspection report.
- Prior transfers will be carefully reviewed to ensure the values of the transfers represent a benefit to the borrower. The transfers should be arm's length and not flipped to set false value trends.
- A second (conventional) appraisal may be required and ordered by SWMC, if the sale price of the property is 20% or more than the seller's acquisition cost.

Cash Out on Short Pay-Off

- Not allowed

Escrow Holdback for Minor Repairs

- Not allowed
-

USDA LOAN PROGRAMS

USDA Fixed Rate Product- SD61S00F00

Loan Purpose	<ul style="list-style-type: none"> Purchase Rate & Term Refinance 															
Amortization Term	<ul style="list-style-type: none"> Fixed Rate: 30 Years 															
Occupancy	<ul style="list-style-type: none"> Owner-occupied properties only 															
Eligible Properties	<ul style="list-style-type: none"> Attached / Detached SFRs PUDs Condos 															
Credit Scores	<table border="1"> <thead> <tr> <th>Loan Purpose</th> <th>Loan Scenario</th> <th>Minimum FICO</th> </tr> </thead> <tbody> <tr> <td rowspan="4">Purchases</td> <td>DTI Back Ratio < 43 and Housing Payment Shock < 20%</td> <td>640</td> </tr> <tr> <td>DTI Back Ratio <= 43 and Housing Payment Shock > 20%</td> <td>640</td> </tr> <tr> <td>DTI Back Ratio > 43 and Housing Payment Shock <= 20%</td> <td>640</td> </tr> <tr> <td>DTI Back Ratio > 43 and Housing Payment Shock > 20%</td> <td>680</td> </tr> <tr> <td>Rate & Term Refinances</td> <td>All Rate & Term Refinances</td> <td>640</td> </tr> </tbody> </table> <p>Note: Non-traditional credit is not allowed.</p>	Loan Purpose	Loan Scenario	Minimum FICO	Purchases	DTI Back Ratio < 43 and Housing Payment Shock < 20%	640	DTI Back Ratio <= 43 and Housing Payment Shock > 20%	640	DTI Back Ratio > 43 and Housing Payment Shock <= 20%	640	DTI Back Ratio > 43 and Housing Payment Shock > 20%	680	Rate & Term Refinances	All Rate & Term Refinances	640
Loan Purpose	Loan Scenario	Minimum FICO														
Purchases	DTI Back Ratio < 43 and Housing Payment Shock < 20%	640														
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	DTI Back Ratio > 43 and Housing Payment Shock <= 20%	640														
	DTI Back Ratio > 43 and Housing Payment Shock > 20%	680														
Rate & Term Refinances	All Rate & Term Refinances	640														
Approval Type	GUS Only															
Self Employed	Allowed															
Bankruptcy & Foreclosures	None in past 4 years															
Mortgage Lates	None in last 24 months on any mortgage															
Collection Accounts	<ul style="list-style-type: none"> Housing-expense related collection accounts within 24 months are not allowed. Other collections (including medical) are subject to UW discretion on the file. 															
Housing Payment Shock	<p>This guideline is applicable to Purchase transactions only. Housing Payment Shock is calculated as the difference between the new housing payment and existing housing payment divided by existing housing payment times 100. Existing housing payment must be documented.</p> <table border="1"> <thead> <tr> <th>Loan Scenario</th> <th>Maximum Housing Payment Shock</th> </tr> </thead> <tbody> <tr> <td>640 <= FICO < 680 and DTI Back Ratio <= 43</td> <td>NA</td> </tr> <tr> <td>640 <= FICO < 680 and DTI Back Ratio > 43</td> <td>20%</td> </tr> <tr> <td>FICO => 680 and DTI Back Ratio > 43</td> <td>NA</td> </tr> </tbody> </table>	Loan Scenario	Maximum Housing Payment Shock	640 <= FICO < 680 and DTI Back Ratio <= 43	NA	640 <= FICO < 680 and DTI Back Ratio > 43	20%	FICO => 680 and DTI Back Ratio > 43	NA							
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Subordinate Financing	Not allowed															
LTV / CLTV	<table border="1"> <thead> <tr> <th>Loan Purpose</th> <th>LTV</th> <th>CLTV</th> </tr> </thead> <tbody> <tr> <td>Purchase</td> <td>100%</td> <td>100%</td> </tr> <tr> <td>Rate & Term Refinance</td> <td>100%</td> <td>100%</td> </tr> </tbody> </table>	Loan Purpose	LTV	CLTV	Purchase	100%	100%	Rate & Term Refinance	100%	100%						
Loan Purpose	LTV	CLTV														
Purchase	100%	100%														
Rate & Term Refinance	100%	100%														
Maximum Loan Amount	<ul style="list-style-type: none"> \$417,000 or maximum county limit 															
Maximum Number of Properties Financed by borrower	<ul style="list-style-type: none"> 1 (Subject property only) 															
PITI Reserves	3 months' reserves, excluding Gift Funds, required for First Time Home Buyer if Housing Payment Shock > 20% and FICO < 680 and DTI Back Ratio is > 43															
Maximum DTI Ratios	<table border="1"> <thead> <tr> <th>Loan Scenario</th> <th>Max. Front Ratio</th> <th>Max. Back Ratio</th> </tr> </thead> <tbody> <tr> <td>FICO => 640 and Housing Payment Shock <= 20%</td> <td>43</td> <td>50</td> </tr> <tr> <td>640 < FICO <= 680 and Housing Payment Shock > 20%</td> <td>43</td> <td>43</td> </tr> <tr> <td>FICO => 680 and Housing Payment Shock > 20%</td> <td>43</td> <td>50</td> </tr> </tbody> </table> <p>Note: When a non-occupying co-applicant is used to qualify the borrower:</p> <ul style="list-style-type: none"> DTI Back Ratio calculated without using non-occupying applicant's income must not exceed 60. 	Loan Scenario	Max. Front Ratio	Max. Back Ratio	FICO => 640 and Housing Payment Shock <= 20%	43	50	640 < FICO <= 680 and Housing Payment Shock > 20%	43	43	FICO => 680 and Housing Payment Shock > 20%	43	50			
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