



FHA At-A-Glance

General Rules

Follow published FHA guidelines unless addressed below

Loan Info

LOAN PURPOSE	Purchase Rate/Term Refinance Cash Out Refinance Streamline Refinance w/ appraisal Streamline Refinance w/o appraisal
PRODUCTS	15 and 30 Year Fixed Rate
INELIGIBLE PRODUCTS	FHA Secure 203 (h), 203 (k), 251 Proposed Construction Good Neighbor Next Door
ELIGIBLE LOAN TYPES	203 (b) 234 (c)
TEMPORARY RATE BUYDOWN	Not Available

Occupancy & Property Types

PROPERTY TYPES	SFR 1-4 Unit FHA Approved Condos/PUDs Modulars
INELIGIBLE PROPERTIES	Manufacturing Housing Log Homes HUD Repos Co-Ops Seller is not the owner of record
OCCUPANCY	Primary Residence Investment: Streamline refinance w/o appraisal 2nd Homes: Streamline refinance w/o appraisal
APPRAISALS	Form 1004, 1025 or 1073 acceptable Second appraisal required when subject is in a declining market, Loan Amount is > \$417,000 and LTV ≥ 95% (exclusive of UFMIP).

Borrower Info

ELIGIBLE BORROWERS	US Citizens Permanent Resident Aliens Non-Permanent Resident Aliens, must meet FHA requirements Non-Occupant Co-borrowers (can not be added to meet credit score requirements)	QUALIFYING RATIOS	Standard: 31%/43% Automated underwriting may exceed the above limits
INELIGIBLE BORROWERS	Inter vivos or "living" trusts Foreign Nationals Borrowers with diplomatic immunity	GEOGRAPHIC RESTRICTIONS	Not available in Michigan MN and NV: Income and Employment must be verified on all loans Texas 50(a) (6): Cash Out Refinance not available

Standard Mortgage Limits*

*For individual counties refer to HUD's website at <https://www.hud.gov/idapp/html/hicostlook.cfm>

Region	1 Unit	2 Units	3 Units	4 Units
Maximum loan amount will be the lesser of the county maximum or the appropriate loan amount listed in the table below.				
High Cost	\$362,790	\$464,449	\$561,411	\$697,696
AK, HI	\$544,185	\$696,673	\$842,116	\$1,046,544

MI

Please refer to FHA Mortgage Letter 2008-16 for complete details.

FHA SINGLE FAMILY MORTGAGE INSURANCE PREMIUMS Upfront and Annual Mortgage Insurance Premiums (Loan Terms > 15 years) Effective July 14, 2008	All premiums are specific in basis points (0.01%)							
	Decision Credit Score (FICO)							
	LTV	850-680	679-640	639-600	599-560	559-500	499-300	Non-Traditional
	≤ 90.00	125/50	125/50	125/50	150/50	175/50	175/50	150/50
90.01-95.00	125/50	125/50	150/50	175/50	200/50	n/a	175/50	
> 95	125/55	150/55	175/55	200/55	225/55	n/a	200/55	
FHA SINGLE FAMILY MORTGAGE INSURANCE PREMIUMS Upfront and Annual Mortgage Insurance Premiums (Loan Terms ≤ 15 years) Effective July 14, 2008	All premiums are specific in basis points (0.01%)							
	Decision Credit Score (FICO)							
	LTV	850-680	679-640	639-600	599-560	559-500	499-300	Non-Traditional
	≤ 90.00	100/0	100/0	125/0	150/0	175/0	175/0	150/0
90.01-95.00	100/25	125/25	150/25	175/25	200/25	n/a	175/25	
> 95	125/25	150/25	175/25	200/25	200/25	n/a	200/25	
CANCELLATION OF ANNUAL MIP	Loan Term > 15 years, annual MIP will be canceled when LTV reaches 78% Loan Term ≤ 15 years and LTV ≥ 90%, the annual MIP will be canceled when LTV reaches 78% Loan Term ≤ 15 years and LTV < 90% will not be charged an annual MIP							

Maximum LTV

Purchases (Property Value = lower of the appraised value or sales price)	
Low Closing Cost States : AZ, CA, CO, ID, IL, IN, NM, NV, OR, UT, WA, WI, WY	
Property Value	Maximum Mortgage
≤ \$50,000	98.75%
> \$50,000 to \$125,000	97.65%
> \$125,000	97.15%
High Closing Cost States: AL, AK, AR, CT, DC, DE, FL, GA, HI, IA, KS, KY, LA, MA, MD, ME, MI, MO, MN, MS, MT, NC, ND, NE, NH, NJ, NY, OH, OK, PA, RI, SC, SD, TN, TX, VA, VT, WV	
Property Value	Maximum Mortgage
< \$50,000	98.75%
> \$50,000	97.75%
RATE/TERM REFINANCES	If owned > 1 year, LTV to be calculated using the lesser of: 1.) the same calculation as purchases above 2.) principal balance on existing liens (including purchase money 2nd & junior liens > 12 months) + prepayment penalties + up to 1 month of MIP + the entire payment due for the month + up to 30 days interest for the current month + late charges + escrow shortages, subtract MIP refund (if applicable) + allowable borrower paid closing costs + appraiser required repairs + prepaids + reasonable closing costs
	If owned < 1 year and not currently FHA insured, LTV to be calculated using the lesser of: 1.) the same calculation as purchases above 2.) rate/term refinances or original sales price + repairs (paid after acquisition) multiplied by purchase LTV percentage above + UFMIP
CASH OUT REFINANCES	Owned < 1 year ≤ 85%: Appraised Value * 85% + UFMIP
	Minimum FICO is 600 when LTV > 85% Owned > 1 year > 85%: Appraised Value * 95% + UFMIP 0*30 mortgage history for past 12 months 1-2 units only
STREAMLINE REFINANCE WITHOUT APPRAISAL	LTV to be based off the lower of original principal balance from refi authorization + UFMIP or principal balance on existing liens (including purchase money 2nd & junior liens > 12 months) + prepayment penalties + up to 1 month of MIP + the entire payment due for the month + up to 30 days interest for the current month + late charges + escrow shortages, subtract MIP refund (if applicable) + allowable borrower paid closing costs + prepaids + reasonable closing costs
STREAMLINE REFINANCE WITH APPRAISAL	LTV to be based off the lower of LTV calculation used for purchases or principal balance on existing liens (including purchase money 2nd & junior liens > 12 months) + prepayment penalties + up to 1 month of MIP + the entire payment due for the month + up to 30 days interest for the current month + late charges + escrow shortages, subtract MIP refund (if applicable) + allowable borrower paid closing costs + prepaids + reasonable closing costs

Assets

RESERVE REQUIREMENTS	3-4 units require 3 months PITI
SUBORDINATE FINANCING	Subordinate financing may remain in place, regardless of the total indebtedness against the property on streamline refinances. All Subordination Agreements must be reviewed by Avelo Mortgage Legal Department. New seller seconds are not allowed.
SELLER CONTRIBUTIONS	Property seller contributions can not exceed 6%
DOWN PAYMENT	The borrower must make a minimum cash investment of 3% (Statutory Investment Requirement), based on lesser of Sales Price or Appraised Value Allowable closing costs paid by the borrower may count towards the 3% cash investment.
DOWN PAYMENT ASSISTANCE (DPA)	Seller funded Down Payment Assistance programs are NOT allowed.
GIFT FUNDS	Gift Funds can come from the borrower's relative, spouse, domestic partner, or close friend with a clearly defined and documented interest in the borrower. Borrower's employer or labor union. A charitable organization that does not replenish available gift funds with seller contributions. A governmental agency or public entity that has a program to provide homeownership assistance to low and moderate income families or first-time homebuyer.

Credit

CREDIT SCORES	The minimum FICO score for Approve/Accept is 500 The minimum FICO score for Refer/Eligible is 580 The minimum FICO for any borrower on a C/O refinance with LTV > 85% is 600 regardless of AUS findings A traditional credit report with FICO scores in required for at least one borrower. Non-traditional credit can not be used by all borrowers on the subject transaction. No score requirement on Streamline Refinances A borrowers representative FICO score is determined by selecting the middle of three scores; tri merge required The representative FICO is the lowest representative FICO of all borrowers
CREDIT HISTORY	Mortgage must be current at time of closing 0*30 in last 12 months required on cash out > 85% 1*60 max mortgage delinquency on all other programs Mortgage history in last 12 months may be no more than 1*60 or 2*30 on a streamline refinance
DELINQUENT CREDIT	BK buyout allowed at ≤ 85% with 12 month seasoning, 0*30 pay history and approval from court Chapter 7 must be discharged > 24 months, 12 months with extenuating circumstances Foreclosure must be > 36 months, 24 months with extenuating circumstances CCCS buyout allowed with 12 month seasoning, 0x30 pay history and approval from counseling agency Court ordered judgments must be paid before the loan is eligible for FHA mortgage insurance
DELINQUENT FEDERAL DEBT	If the borrower, as revealed by public records, credit information, or HUD's Credit Alert Interactive Voice Response System (CAIVRS), is presently delinquent on any Federal debt or has a lien, including taxes & federal student loans, placed against his or her property for a debt owed to the U.S., the borrower is not eligible until the delinquent account is brought current, paid/satisfied, or a satisfactory repayment plan is made between the borrower and the Federal agency owed and is verified in writing. Tax liens may remain unpaid provided the lien holder subordinates the tax lien to the FHA-insured mortgage.
LETTER OF EXPLANATION	LOX required for all inquires within the past 90 days. LOX required for delinquent credit within the past 24 months.
JUDGMENTS	Judgments must be paid prior to close. LOX required
COLLECTIONS	At UW discretion, collections may be required to be paid in full

Transactions

CLOSING COSTS	<p>Origination fee may not exceed 1%</p> <p>Tax Service Fee not allowed</p> <p>Fees and charges must comply with all federal, state, and local regulations and predatory lending rules</p>
ESCROWS	Escrow waivers not allowed under any circumstances.
ESCROW HOLDBACKS	Not available
MAXIMUM CASH OUT	<p>\$500 on rate/term refinance</p> <p>\$250 streamline refinances</p>
PROPERTY FLIPPING	<p>All purchases require a full 12 month chain of title</p> <p>90 days or less since the property last sold, the property is not eligible</p> <p>Between 91 and 180 days since the property last sold a 2nd appraisal will be required if the resale price is 100% (2x) the price paid by the seller when the property was acquired</p>
SEASONING	If subject property was purchased out of foreclosure in the last three years, we will use the lower of the original purchase price or appraised value. In addition, the borrower can not own another property.
SECOND HOMES	<p>A secondary residence is a property the borrower occupies in addition to his or her principal residence.</p> <p>Secondary residences are only permitted when the appropriate Home Ownership Center (HOC) agrees that an undue hardship exists, meaning that affordable rental housing that meets the needs of the family is not available for lease in the area or within reasonable commuting distance to work, and the maximum loan amount is 85 percent of lesser of Sales Price or Appraised Value</p>
UNDERWRITING/AUS	FHA loans submitted through DU or LP can have reduced documentation requirements. All conditions on AUS findings must be satisfied. AUS findings can not be waived or substituted. A copy of the DU or LP Feedback Certificate must be provided. Streamline Refinances are not required to be submitted through DU or LP. If submitted through the AUS all documentation to support values enter must be provided.

If not specifically addressed in this Product Fact Sheet, please refer to General Underwriting Guidelines.

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