

FHA 30 Yr Fixed: Property Flip Waiver

Occupancy Allowed:
Owner Occupied

Property Type:
Attached / Detached SFRs, PUDs, HUD-approved Condos, 2 – 4 Units

Loan Purpose Allowed:
Purchase

Minimum Credit Score:
600 – 639 (Back Ratio \leq 43% AND Housing Payment Shock \leq 20%);
640 – 679 (Back Ratio up to 55% AND Housing Payment Shock \leq 20%);
680 and higher (Back Ratio up to 55%, allows for Housing Payment Shock $>$ 20%);
(Housing Payment Shock computed off existing housing payment);
680 for 2-4 Units;
680 if prior bankruptcy, foreclosure, short sale or deed-in-lieu appears on credit report or public record.

Maximum LTV:
96.500
(Maximum LTV for 2-4 unit properties, with non-occupying co-borrower, is 75%)

Maximum CLTV:
100 [105% for loans using Govt. DPA]

Max. Loan Amount:
1 Unit: Lesser of \$417,000 OR Max. County Limit
2 Units: Lesser of \$533,850 OR Max. County Limit
3 Units: Lesser of \$645,300 OR Max. County Limit
4 Units: Lesser of \$801,950 OR Max. County Limit

Subordinate Financing:
Allowed

Approval Method:
AUS (DU / LP) Only

Maximum Front and Back Ratios:

Loan Scenario	Max. Front Ratio	Max DTI
600 \leq FICO $<$ 640 and Housing Payment Shock \leq 20%	43	43
FICO \Rightarrow 640 and Housing Payment Shock \leq 20%	45	55
640 $<$ FICO \leq 680 and Housing Payment Shock $>$ 20%	43	43
FICO \Rightarrow 680 and Housing Payment Shock $>$ 20%	45	55
3-4 unit properties	31	43

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Gift Funds:

Allowed if FICO is 680 or higher.

Max No. of Properties Financed by Borrower:

2 (inclusive of subject);

Self-Employed:

Allowed;

Bankruptcy and Foreclosures:

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. Also, borrower must have reestablished credit.

Mortgage Lates:

None in last 24 months on any mortgage.

Collection Accounts:

Housing-expense related collection accounts within 24 months not allowed.
Other collections (including Medical) are subject to UW discretion on the file.

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.

Loan Scenario	Maximum Housing Payment Shock
600 <= 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

PITI Reserves:

3 Months Reserves, excluding Gift Funds, required for First-Time-Homebuyer;
3 Months Reserves, excluding Gift Funds, required for 3-4 Unit Properties;
3 Months Reserves on 2-Unit Properties if Back Ratio exceeds 60%;
6 Months Reserves (If LTV/CLTV > 80% and proposed rents are used to qualify the borrower AND the DTI ratio without rental income exceeds 60%).

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Appraisal:

Rental Survey to be included, if applicable.

Buyer Agent and Selling Agent:

Cannot be the same or related. There must not be an identity of interest or a related party transaction / potential borrower situation.

Seller:

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

Exception for LLC / Corporate Entity as Seller:

An exception can be granted for LLC / Corporate Entity Seller provided following documents are submitted to u/w for review:

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

* Such documentation is required to determine there is no relation between the LLC / Corporate Seller, Buyer Agent, Selling Agent, Mortgage Loan Originator or the Borrower.

If Sales Price Exceeds 20% of Seller Acquisition Cost:

1. A second appraisal may be required, per underwriter discretion; and
2. A Home Inspection (must be ordered by RMS) is required.

Transfer of Property:

No intermediate transfer is allowed.

Transfer of Title:

No recent transfers of title to seller.

Program Expiration Date:

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

Exhibit A

Additional DTI Guidelines:

DTI Ratio overlay when a Non-Occupying co-applicant is used to qualify the borrower:

1. DTI (back-end ratio) calculated without using non-occupying applicant's income must not exceed 60%.
2. If there is a non-occupying co-borrower, then the proposed rents cannot be used as income to qualify and the DTI (back-end ratio) of the occupying borrower must not exceed 60%.

End document.