

AUTOMATED UNDERWRITING

Generally, loans approved by AU are acceptable as approved subject only to those requirements of FHA and the automated underwriting engine. However, the following restrictions apply:

- Manufactured Housing not allowed.
- Assure that AU does not require downgrade to 'Refer' per FHA requirements
- Streamline Refinances (and VA IRRL) require current mortgage history w/ zero (0) lates in last 12 months
- Minimum FICO is 620...regardless of DU findings, lowest mid-score for all borrowers

RATIO RESTRICTIONS FOR MANUAL UNDERWRITING

Ratios are restricted per the FHA Lender Handbook to 31/43 (with specific exceptions). Ratios exceeding FHA guidelines for FICO's < 620 must be approved by AU. Ratios may exceed guidelines for FICO's > 620 subject to the following requirements:

RATIO EXCEPTION GRID FOR MANUAL UNDERWRITE			
FICO	Ratio	Reserves	Comp. Factors *
≥ 620	36/45	1 Mo PITI	1
620-659	36/45	2 Mo PITI	1

***MUST BE FROM LIST OF REQUIRED COMPENSATING FACTORS BELOW**

1. Borrowers demonstrated ability to satisfactorily pay housing expenses ≥ proposed monthly housing expense over the past 12-24 months
2. Borrower makes a large down payment of 10% or more towards the purchase
3. Borrower has demonstrated the ability to accumulate savings and evidenced conservative use of credit
4. Credit history evidences borrower has the ability to devote greater portion of income to housing expense
5. Borrower receives documented income/compensation not reflected in effective income
6. Minimal increase in borrower's housing expense
7. Borrower has documented 3+ months cash reserves after closing
8. Borrower has substantial non-taxable income
9. Borrower's potential for increased earnings as indicated by job training/education in borrower's profession
10. The home is being purchased as a result of relocation of the primary wage earner and the secondary wage earner has an established work history and will return to work in similar occupation (underwriter must document through job postings, etc.).

CREDIT REQUIREMENTS FOR MANUAL UNDERWRITING ONLY:

- **COLLECTIONS & CHARGE-OFF'S:**
 - No collections/charge-offs in the past 12 months
 - Max unpaid collections over the past 2 years may not exceed \$250 individually/\$1000 aggregate
 - Original collection date will apply if the same collection account is re-opened by a new collection agent
 - Medical collections can be ignored assuming other credit is acceptable
 - Any collection (even those of a non-purchaser) must be paid if it will be an exception to our title policy
- FICO < 620 not eligible (lower of both borrower's mid score)
- FICO scores between 620-639 require 1 month reserve
- Borrowers must have credit score - Alt Credit/No Score no longer available.
- "Seller Funded" Downpayment Assistance not allowed, per current FHA Guidelines