

Retail FIMC Custom FHA Product Overlays, Restrictions, Requirements

Appraiser, Appraisal, Property

Topic	Investor Overlay	Product Applicability	Overlay Requirement, Restriction	Effective Date
Age of Appraisal/ Appraisal Updates	Chase	FIMC FHA, Chase FHA	<p>The effective date of the appraisal must be within 120 days prior to the Note date.</p> <p>In the event the appraisal is outside of the 120 day validity period, a new appraisal is required and cannot be ordered under the existing FHA case number.</p> <p>Appraisal updates cannot be used to extend appraisal validity.</p> <p>If a new appraisal is required, the existing FHA case must be cancelled through HUD and a new case assignment must be obtained before ordering the new FHA appraisal. Since the original loan application will be dated prior to the new FHA case assignment date, simply provide trail of documentation in the loan file to justify to HUD why the 1003 pre-dates the new case assignment.</p>	Ongoing
Age Restricted Property	FIMC	FIMC FHA	<p>Not eligible under FIMC Custom FHA products.</p> <p>Loan must be locked investor-specific with Chase or Flagstar.</p> <p>FIMC requires completion of the Age Restricted Property Certification for all age restricted property types</p> <p>BBT and Wells Fargo do not accept age-restricted property for FHA financing.</p>	
Appraisal Acknowledgement Disclosures	FIMC, Regulatory, Wells Fargo,	FIMC FHA, Wells Fargo FHA	<p>FIMC requires that ALL loans with an appraisal include written acknowledgement from the borrower that they either received all appraisal reports three days prior to close or waived their right to receive such reports within the time frame set out in AIR regulations.</p> <p>Provide an acceptable appraisal acknowledgement form signed by the borrower no later than at closing, containing written acknowledgement from the borrower that either they received all appraisal reports at least three business days prior to the closing of their loan, or that they elected to waive their right to receive all appraisal reports at least three business days prior to the closing of their loan.</p>	01/02/2012

			<ul style="list-style-type: none"> The form must reflect the borrower (s) name, property address, and lender's name. The form must explicitly state and indicate that the borrower either <ul style="list-style-type: none"> Received all appraisal reports at least three business days prior to the closing of their loan or That they elected to waive their right to receive all appraisal reports at least three business days prior to the closing of their loan. <p>The form must be signed and dated by all borrowers.</p>	
Appraisal Orders	FIMC	FIMC FHA	All appraisals, second appraisals, desk reviews, field reviews, inspections and updates must be requested from and provided by Frisco Lender Services, LLC.	
Condominiums	HUD	FIMC FHA	<p>All Condo projects must be FHA approved, with the exception of site condominiums, unless the transaction is a FHA streamline refinance or HUD REO sale.</p> <p>To determine condominium project approval status, refer to HUD's Condominium site at https://entp.hud.gov/idapp/html/condlook.cfm</p> <p>FIMC does not participate in the DELRAP condominium process. All projects that require HUD approval must be approved through the HRAP process.</p> <p>All condo appraisals should be on Form 1073, including detached site condos.</p> <p>If condo project status reflects "withdrawn" the property is eligible for a FHA streamline refinance without appraisal</p> <p>Documentation Requirements for Condominiums</p> <ul style="list-style-type: none"> FHA connection print out as to condo project approval. Completed Condominium Questionnaire Evidence of Project Insurance Evidence of HO-6 insurance (if needed) <p>Underwriter must complete and provide Appendix B Certification.</p>	
Cooperatives	FIMC	ALL	Cooperative properties are not eligible for	

			any Wholesale product or program.	
Deed Restrictions, Resale Restrictions	Chase	FIMC FHA	Property subject to deed or resale restrictive covenants, conditions or restrictions (<i>see above for age restrictions</i>) is not eligible for FIMC Custom FHA products. Deed & resale restrictions must be locked investor-specific with Chase. <ul style="list-style-type: none"> Chase requires review and approval of the restriction(s). Contact producthelp@fairwaymc.com for assistance. 	
Departure Residence/ Conversion of Prior Residence	FIMC	FIMC FHA,	Follow FHA Mortgage Letter 2008-25	
Disaster Area Appraisal & Inspections	FIMC	FIMC FHA	Refer to FIMC's Disaster Area List and FHA Disaster Area Appraisal & Reinspection Policy.	
Excessive Commissions	FIMC	ALL	Any aggregate real estate sales commission greater than 8% of the sales price of the subject property is considered an excessive real estate commission. The portion of the aggregate commission greater than 8% must be deducted from the sales price for underwriting purposes.	
Ineligible Property Types	FIMC	FIMC FHA	Unless otherwise specified within applicable loan product matrix, the following property types are not eligible for any FIMC product or program: <ul style="list-style-type: none"> Assisted Living Projects Timeshares Common interest apartments Condominiums with pending litigation Condotel and Hotel Condominiums Cooperatives Geodesic domes Houseboats Investment Securities Mobile homes Manufactured homes Mixed Used Property (unless it meets agency guidelines) Multi-dwelling Condominiums or PUDs Multi-family dwelling containing more than four units Non-FHA Approved Condominiums On-Frame Modular Housing Properties sold at auction by builder, developer, or construction lender Properties with deed restrictions that limit transferability of title PUD Hotel 	

			<ul style="list-style-type: none"> • Residences lacking kitchen and full bathroom facilities • Unimproved Land • Working farms, ranches, orchards, and/or commercial operations. <p>Note: Deed restricted properties are not eligible under FIMC product. They must be locked and delivered investor-specific to the investor's specific deed restriction guidelines.</p>	
Listed for Sale-Refinances	Chase	FIMC FHA, Chase FHA	If the property was listed for sale within the prior 12 months but is not currently for sale, then may be considered for Cash out refinance if the listing has been expired or withdrawn 180 days prior to the application date.	07/07/2009
New Construction Purchase				
Occupancy Requirements	FIMC	FIMC FHA	Owner occupancy is required for all FIMC custom FHA transactions.	
Renegotiated Purchase Price	Wells Fargo	FIMC FHA, Wells Fargo FHA	<p>Sections 800.0(d), 820.30, and 600.02(d) Wells Fargo Overlay for Freddie Mac/Fannie Mae/FHA/VA/GRH Loans: Wells Fargo will not accept re-negotiated purchase agreements that increase the sales price after the original appraisal has been completed if:</p> <ul style="list-style-type: none"> • the appraised value is higher than the contracted sales price provided to the appraiser, and • the new purchase agreement and/or addendum used to modify the sales price is dated after the appraisal is received, and • the only change to the purchase agreement is an increase in sales price. <p>If the purchase agreement is re-negotiated subsequent to the completion of the appraisal, the loan-to value will be based on the lower of the original purchase price or the appraised value, unless:</p> <ul style="list-style-type: none"> • Re-negotiation of only seller paid closing costs and/or pre-pays where seller paid closing costs/pre-pays are common and customary for the market and supported by the comparables. <i>Refer to Seller Guide Section 820.30 for allowable contributions, or</i> • An amended purchase agreement for new construction property is obtained due to improvements that have been 	

			made that impact the tangible value of the property. In the event of such changes, an updated appraisal must be obtained to verify the value of the modifications.	
REO Resales			•	
Resale Deed Restrictions		FIMC FHA,	•	
Second Homes				
Transfer Appraisals		FIMC FHA,		
Uniform Appraisal Data (UAD)	Wells Fargo	FIMC FHA, Wells Fargo FHA	Uniform Appraisal Dataset (UAD) - Sellers must ensure all applicable appraisals have been completed in compliance with the Uniform Appraisal Dataset (UAD) specifications.	

Assets, Downpayment, Reserves

Topic	Investor Overlay	Product Applicability	Overlay Requirement, Restriction	Effective Date

AUS & Underwriting

Topic	Investor Overlay	Product Applicability	Overlay Requirement, Restriction	Effective Date

Borrowers & Participants

Topic	Investor Overlay	Product Applicability	Overlay Requirement, Restriction	Effective Date
Co-Signors	Chase	FIMC FHA Products	A co-signor's credit or income cannot be used as the primary source of credit or income for the loan application.	
Diplomatic Immunity	Wells Fargo	FIMC Custom Products	<p>Section 820.04 Due to the inability to compel payment or seek judgment, transactions with individuals who are not subject to United States jurisdiction are not eligible.</p> <p>This includes embassy personnel with diplomatic immunity.</p> <p>Verification the borrower does not have diplomatic immunity can be determined by reviewing the visa, passport or the U.S. Department of State's Diplomatic List at http://www.state.gov/s/cpr/rls/.</p>	11/14/2011
Foreign Nationals	Wells Fargo	FIMC FHA,	Foreign nationals who have no lawful residency status in the U.S. are not	

			considered to be nonpermanent resident aliens and are not eligible for financing.	
Identity	Wells Fargo	FIMC FHA,	<p>SOCIAL SECURITY NUMBER – U.S. Citizens and Non-U.S. Citizens Each borrower on the loan transaction must have a valid Social Security number.</p> <p>Section 805.06 Loans that receive a <i>DU</i> Social Security Number (SSN) Verification message are not eligible, even if delivered with SPC 162.</p>	09/13/2010
Identity of Interest				
Living “Inter Vivos” Trusts		FIMC FHA		Ongoing
Multiple Financed Properties		FIMC FHA		
Non-Permanent Resident Aliens		FIMC FHA,	<p>Required Visas All non-permanent resident aliens must provide evidence of a valid, acceptable visa. A copy of the unexpired visa must be included in the Loan file evidencing one of the following visa classes:</p> <ul style="list-style-type: none"> • A Series (A-1, A-2, A-3): these visas are given to officials of foreign governments, immediate family members and support staff. Only those without diplomatic immunity, as verified on the visa, are allowed. • E-1 Treaty Trader and E-2 Treaty Investor: this visa is essentially the same as an H-1 or L-1; the title refers to the foreign country's status with the United States. • G series (G-1, G-2, G-3, G-4, G-5): these visas are given to employees of international organizations that are located in the United States. Some examples include the United Nations, Red Cross, World Bank, UNICEF and the International Monetary Fund. Verification that the applicant does not have diplomatic immunity must be obtained from the applicant’s employer and/or by the viewing the applicant’s passport. • H-1 (includes H-1B and H-1C), Temporary Worker: this is the most common visa given to foreign citizens who are temporarily working in the United States. • L-1, Intra-Company Transferee: an L-1 visa is given to professional employees whose company's main 	

			<p>office is in a foreign country.</p> <ul style="list-style-type: none"> • TN, NAFTA visa: used by Canadian or Mexican citizens for professional or business purposes. • TC, NAFTA visa: used by Canadian citizens for professional or business purposes. <p>All standards for determining stable monthly income, adequate credit history and sufficient liquid assets must be applied in the same manner to each borrower including borrowers who are nonpermanent resident aliens.</p>	
Permanent Resident Aliens	Wells Fargo	FIMC FHA,	<p>Green Cards</p> <p>A copy of the Green Card is required for all permanent resident aliens whose income and/or assets are being used to qualify for a loan. A copy of the front and back of the card is required and must be included in the loan file.</p> <p>While the Green Card itself states “Do Not Duplicate” for the purpose of replacing the original card, U.S. Citizenship and Immigration Services (USCIS) allows photocopying of the Green Card.</p> <p>Making an enlarged copy or copying on colored paper may alleviate any concerns the borrower may have with photocopying.</p>	
Settlement Agents & Title Companies	Wells Fargo	FIMC FHA,	<p>Section 515.01</p> <p>Loans with title insurance and/or closed by a settlement agents appearing on the Settlement Agent List are not eligible for purchase by Wells Fargo. No exceptions.</p> <p>When reviewing the list, refer to the far right column titled “Settlement Indicator”.</p> <p>If the Settlement Indicator referenced is “Settlement Agent Company”, the restriction is for any person employed at the respective company name and address.</p> <p>If the Settlement Indicator referenced is “Settlement Agent Employee”, the restriction is specific to the employee identified in that row for that Settlement Company.</p>	09/01/2008
Credit				
Topic	Investor Overlay	Product Applicability	Overlay Requirement, Restriction	Effective Date

Credit Scores	Chase	FIMC FHA, Chase FHA	Each borrower must have a valid credit score. Minimum score requirements: <ul style="list-style-type: none"> • All FHA Purchase, all no cash out refinance and cash out refinance <=\$417000: 640 minimum score required • Cash out refinance >\$417000: Minimum 660 score required.
Derogatory Credit	Chase	FIMC FHA, Chase FHA	All reported delinquent Chase accounts must be brought current prior to closing. Funds used to bring the account current must be seasoned, verified, documented.
Foreclosure	Chase	FIMC FHA, Chase FHA	Foreclosure was due to financial mismanagement: <ul style="list-style-type: none"> • 84 mos from foreclosure completion to application date Foreclosure was due to documented hardship: <ul style="list-style-type: none"> • If seasoned >36 months but less than 84 mos, max LTV/CLTV = 90%. • If seasoned >=84 months, standard down payment requirements apply.
Inquiries	Pennymac	FIMC FHA, PennyMac FHA	Borrower's signed/dated explanation letter is required for all inquiries to credit reported within the 90 days prior to application date. If new debt was acquired, the new account must be verified and added to a supplement credit report and the repayment must be included in qualifying if applicable. All debt discovered during the loan process must be fully disclosed and considered in qualifying.
Non-Traditional Credit	Chase	FIMC FHA, Chase FHA,	Non-traditional credit is not eligible. All borrowers must have a credit score derived from a current credit history.
Principal Forgiveness	Chase	FIMC FHA, Chase FHA,	Principal Reduction Modification NOT due to hardship must be seasoned at least 48 months and Standard down payment policies apply. Principal Reduction Modification due to hardship must be seasoned at least 36 months and Standard down payment policies apply.
Short Sales	Chase	FIMC FHA, Chase FHA	Previous Short Sale NOT due to hardship must be seasoned at least 48 months. <ul style="list-style-type: none"> • If seasoned >48 months but < 84 months minimum down payment of 10% is required.

		<ul style="list-style-type: none"> If seasoned \geq 84 months standard down payment policies apply. <p>Previous Short Sale due to hardship must be seasoned at least 36 months.</p> <ul style="list-style-type: none"> If seasoned $>$36 months but $<$ 84 months minimum down payment of 10% is required. If seasoned \geq 84 months standard down payment policies apply. <p>Concurrent Short Sales are not eligible under any circumstances.</p>	
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Debts & Liabilities

Topic	Investor Overlay	Product Applicability	Overlay Requirement, Restriction	Effective Date
DTI	Former GMAC requirement	FIMC FHA	<p>Standard Qualifying Ratios: 31/43%.</p> <p>AUS Approved loans: Maximum DTI may not exceed 55% regardless of AUS which may approve higher ratios.</p> <p>An acceptable rating is required with completion of the FHA Comprehensive Risk Assessment worksheet when the DTI exceeds 50%.</p> <p>AUS Refer/Manual Underwrite: The DTI ratio 43% may be exceeded with significant compensating factors provided the DTI does not exceed 50%.</p>	Ongoing since original rollout of FIMC FHA products

Employment & Income

Topic	Investor Overlay	Product Applicability	Overlay Requirement, Restriction	Effective Date
4506-T	Wells Fargo	FIMC FHA	<p>Sections 505.04 and 600.02(b)</p> <p>A fully complete and signed IRS Form 4506-T for each Borrower on the Loan is required.</p>	01/04/2010, 12/01/2008, 07/01/2008 07/11/2011
IRS Tax Transcripts	Wells Fargo	FIMC FHA	<p>Sections 505.04 and 600.02(b)</p> <p>Tax Return Transcripts are required for all loans</p>	
Section 8 Housing Vouchers	PennyMac	FIMC FHA, PennyMac FHA		
VOE				

Fees & Charges

Topic	Investor Overlay	Product Applicability	Overlay Requirement, Restriction	Effective Date
High Cost Loans	All	All FHA	High cost/higher priced mortgage loans are not eligible for any product or program	

with any investor or FIMC.

Geographic Requirements & Restrictions

Topic	Investor Overlay	Product Applicability	Overlay Requirement, Restriction	Effective Date
Massachusetts	PennyMac	FIMC FHA, PennyMac FHA	FIMC simply excludes MA from the investor product pool for FIMC FHA product since PennyMac does not lend in MA. MA is able to follow FIMC custom FHA product matrices and overlays.	
Texas Refinance	Wells Fargo			

Insurance

Topic	Investor Overlay	Product Applicability	Overlay Requirement, Restriction	Effective Date
				12/21/2009
				09/21/2009

Ineligible FIMC FHA Product Characteristics

Topic	Investor Overlay	Product Applicability	Overlay Requirement, Restriction	Effective Date
203h Disaster Housing		All FHA	Not eligible for any FHA product or program.	
203k, 203ks Home Improvement		FIMC FHA	Not eligible under FIMC Custom FHA products. These are considered specialty products available only upon approval through producthelp@fairwaymc.com .	
ARMS		FIMC FHA	Not eligible under FIMC Custom FHA products. ARMS must be locked investor-specific.	
Building on Own Land		FIMC FHA	Eligible. Please utilize the FHA Building on Own Land Max Mortgage Worksheet to determine maximum loan amount.	
Construction Financing		All FHA	FIMC does not permit one-time close FHA construction loans. Build on own land/end loans are eligible.	
Downpayment Assistance		FIMC FHA	Not eligible under FIMC Custom FHA products. Must be locked investor-specific with Chase or Flagstar. Downpayment/closing cost assistance provider must be reviewed and approved by Chase or Flagstar.	
Energy Efficient Mortgage		FIMC FHA	Not eligible under FIMC Custom FHA products. Must be locked investor-specific with	

			Chase or Wells Fargo. PennyMac does not accept EEMs.	
Good Neighbor Next Door		FIMC FHA	Not eligible under FIMC Custom FHA products. Must be locked directly with Chase, Flagstar or Wells Fargo.	
Graduated Payment Mortgages (GPM)		All FHA	Not eligible for any FHA product or program.	
Hawaiian Homelands		All FHA	Not eligible for any FHA product or program.	
High Balance Loan Amounts		FIMC FHA	Not currently eligible under FIMC Custom FHA products. However, we anticipate high balance being introduced in March 2013. High balance loan amounts must be locked investor-specific with BBT, Chase, Flagstar, or Wells Fargo.	
Home Equity Conversion (HECM)		FIMC FHA	Not eligible under FIMC Custom FHA products. Contact branchsupport@fairwaymc.com for information regarding HECM mortgages.	
HUD \$100 Down	PennyMac	FIMC FHA	Not eligible under FIMC Custom FHA products. HUD \$100 down incentive must be locked investor-specific with PennyMac does not accept.	
HUD Employee Loans		All FHA	Not eligible for any FHA product or program.	
Indian Lands (Section 184, 184A)		All FHA	Not eligible for any FHA product or program.	
Military Impact Area		All FHA	Not eligible for any FHA product or program.	
Property Flipping Waiver		FIMC FHA	Not eligible under FIMC Custom FHA products. FHA purchases are subject to FIMC's Property Flipping Waiver Policy requirements and must be locked investor-specific with Chase (subject to Chase' individual investor guidelines), Flagstar or Wells Fargo.	
Section 8		FIMC FHA	Not eligible under FIMC Custom FHA products.	
Streamline Refinance		FIMC FHA	Not eligible under FIMC Custom FHA products. Streamlines must be locked investor-	

			specific with BBT, Chase, Flagstar or Wells Fargo and are subject to the individual investor's streamline guidelines and restrictions.	
Urban Renewal		All FHA	Not eligible for any FHA product or program.	

Who Maintains?

Credit Policy

Effective Date

Rate Locks Through 07/28/2013