



## Correspondent Lending FHA Fixed Rate Product Profile

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**Government** **ELIGIBILITY MATRIX & SUMMARY GUIDELINES**

10, 15, 20, 25 & 30 YR Fixed Rates  
*High Balance* 15 & 30 YR Fixed Rates

**Occupancy** **Primary Residence**

**Purchase**

Property Type <sup>(4)</sup>	Maximum LTV	Maximum CLTV/HLTV <sup>(6)</sup>	Maximum Loan Amount <sup>(1)</sup>	Minimum Credit Score
1 Unit, PUD & Condo	96.50%	96.50%	Varies by County	<u>620</u>
2-Units <sup>(2)</sup>	96.50%	96.50%	Varies by County	<u>620</u>
3 to 4-Units <sup>(2)</sup>	96.50%	96.50%	Varies by County	<u>620</u>

**Occupancy** **Primary Residence**

**Rate/Term Refinance**

Property Type <sup>(4)</sup>	Maximum LTV	Maximum CLTV/HLTV <sup>(6)</sup>	Maximum Loan Amount <sup>(3)</sup>	Minimum Credit Score
1 Unit, PUD & Condo	97.75%	97.75%	Varies by County	<u>620</u>
2-Units	97.75%	97.75%	Varies by County	<u>620</u>
3 to 4-Units	97.75%	97.75%	Varies by County	<u>640</u>

**Occupancy** **Primary Residence**

**Cash Out Refinance**

Property Type <sup>(4)</sup>	Maximum LTV	Maximum CLTV/HLTV <sup>(6)</sup>	Maximum Loan Amount <sup>(5)</sup>	Minimum Credit Score
1-Unit, PUD & Condo	85%	85%	Varies by County	<u>620</u>
2-Units	85%	85%	Varies by County	<u>640</u>
3 to 4-Units	85%	85%	Varies by County	<u>640</u>

**Notes:**

1. Refer to FHA Purchase Maximum Mortgage Worksheet, Doc. [LLNFHA-#3328](#) for calculation of maximum purchase loan amount.
2. Purchase transactions with a Non-Occupant Co-Borrower secured by 2 to 4-Unit properties are limited to a maximum 75% LTV.
3. Refer to FHA Rate/Term Refinance Maximum Mortgage Worksheet, Doc. [LLNFHA-#3342](#) for calculation of maximum Rate/Term Refinance loan amount.
4. Manufactured, Mobile are not allowed; see Property: Ineligible Types section for additional ineligible property types.
5. Refer to FHA Cash Out Refinance Maximum Mortgage Worksheet, Doc. [LLNFHA-#3345](#) for calculation of maximum Cash Out Refinance loan amount.
6. See Down Payment Assistance and Subordinate Financing section, below, for CLTV/HLTV limitations.

**Eligibility Requirements\***

<b>Age of Documents</b>	<ul style="list-style-type: none"> <li>Credit documents must be no more than 120 days old on the date the Note is signed, including credit reports and employment, income and asset documents</li> <li>Preliminary Title Policies must be no more than 180 days old on the date the Note is signed</li> <li><u>Flood Hazard Determination Certification must be no more than 180 days old on the date the note is signed</u></li> </ul>
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 FHA  
 Fixed Rate Product Profile**

Most recent updates in **red font**

<p align="center"><b>Appraisals</b></p>	<ul style="list-style-type: none"> <li>• Refer to FHA Underwriting Guidelines for appraisal requirements</li> <li>• <u>LenderLive will purchase loans secured by properties with "unpermitted" structural additions under the following conditions:</u> <ul style="list-style-type: none"> <li>▪ <u>The subject addition complies with all investor guidelines</u></li> <li>▪ <u>The quality of the work is described in the appraisal and deemed acceptable ("workmanlike quality") by the appraiser</u></li> <li>▪ <u>The addition does not result in a change in the number of units comprising the subject property (e.g. a 1 unit converted into a 2 unit)</u></li> <li>▪ <u>If the appraiser gives the unpermitted addition value, the appraiser must be able to demonstrate market acceptance by the use of comparable sales with similar additions and state the following in the appraisal:</u></li> <li>▪ <u>Appraiser comments and photos should validate the addition was completed in a workmanlike manner and conforms to the rest of the property</u></li> <li>▪ <u>The impact, if any, to the local zoning must be reviewed to ensure the property meets guidelines</u></li> </ul> </li> </ul>
<p align="center"><b>Assignment of Mortgages</b></p>	<ul style="list-style-type: none"> <li>• <u>All loans must be registered with MERS at time of delivery to LenderLive and a MERS transfer of beneficial rights and transfer of servicing rights must be initiated by the Seller, to LenderLive (MERS ORG ID # 1010320), within 24 hours of purchase</u></li> </ul>
<p align="center"><b>AUS / Underwriting Method</b></p>	<p><b>FHA loans with case numbers assigned on or after 9/14/15 must be underwritten to FHA Single Family Housing Policy Handbook 4000.1 and applicable LenderLive overlays (underlined in this Product Profile).</b> The following requirements are applicable to case numbers assigned on or before 9/13/15:</p> <ul style="list-style-type: none"> <li>• FHA TOTAL Scorecard Accept/Eligible</li> <li>• <u>Manual underwriting is not permitted</u></li> </ul> <p><b>FHA loans with case numbers assigned prior to 9/14/15 must be underwritten to guidance in Handbook 4155.1, mortgagee letters and applicable LenderLive overlays (underlined in this Product Profile).</b> The following requirements are applicable to case numbers assigned on or after 9/14/15:</p> <ul style="list-style-type: none"> <li>• FHA TOTAL Scorecard Accept/Eligible; or</li> <li>• Manual underwriting:       <ul style="list-style-type: none"> <li>▪ Manually underwritten loans will only be considered with an initial TOTAL Scorecard approval <b>and</b> downgrade to manual underwrite is required by HUD for the following reasons:           <ul style="list-style-type: none"> <li>○ File contains information that cannot be entered into TOTAL or evaluated by TOTAL</li> <li>○ Additional information not considered in TOTAL effects insurability</li> <li>○ Borrower has more than \$1,000 collectively in disputed accounts</li> <li>○ Undisclosed mortgage debt</li> <li>○ Business income shows greater than 20% decline year over year</li> </ul> </li> </ul> </li> </ul>



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<b>Borrowers: Eligible</b>	<ul style="list-style-type: none"><li>• U.S. Citizens with valid Social Security Number</li><li>• Permanent resident aliens with valid Social Security Number</li><li>• Nonpermanent resident aliens may qualify (refer to Handbook 4000.1) <u>with valid Social Security Number</u> for Primary Residences only</li><li>• Refer to 'Borrower Eligibility' and 'Citizenship, Residency and Immigration Status' sections of the Seller Guide regarding requirements for each Borrower's citizenship, residency and immigration status; including documentation necessary for lawful proof of residency</li><li>• For Non-Occupant Co-Borrowers with valid Social Security Number<ul style="list-style-type: none"><li>▪ Transactions are limited to 75% LTV. See Handbook 4000.1 for exceptions to the 75% limitation</li><li>▪ Purchase transactions are limited to 75% LTV when secured by 2 to 4 unit properties</li></ul></li><li>• <u>Inter Vivos Revocable Trust and Power of Attorney: Refer to Seller Guide for eligibility requirements</u></li></ul>
<b>Borrowers: Ineligible</b>	<ul style="list-style-type: none"><li>• <u>Any individual without a valid U.S. Social Security Number</u></li><li>• <u>Individuals with a U.S. Individual Taxpayer Identification Number (ITIN) only</u></li><li>• <u>Investors</u></li><li>• <u>Foreign nationals and borrowers with diplomatic immunity</u></li><li>• <u>Illegal aliens</u></li></ul>
<b>CAIVRS</b>	<ul style="list-style-type: none"><li>• All borrowers must be screened using the Credit Alert Interactive Voice Response System (CAIVRS)</li><li>• FHA will not insure a loan if the borrower is currently delinquent on any unpaid federal debt, or has had a claim paid within the previous 3 years</li></ul>
<b>Contributions</b>	<ul style="list-style-type: none"><li>• Maximum 6% seller contributions</li></ul>
<b>Credit</b>	<ul style="list-style-type: none"><li>• Each borrower must have at least one credit score to be eligible; <b>BORROWERS WITHOUT CREDIT SCORES - not allowed</b></li><li>• Borrower letter of explanation is required for recent credit report inquiries made within in the previous 90 days</li><li>• Correspondents are responsible for determining that all debts incurred or closed by the borrower, up to and concurrent with settlement on the subject mortgage loan, are disclosed on the final loan application that is signed by the borrower at closing. These debts must be evaluated and included in the qualification for the subject mortgage loan; pursuant to FHA requirements</li><li>• Gap Report is highly recommended within 10 days of mortgage Note date; prior to closing/funding of the transaction<ul style="list-style-type: none"><li>▪ New debts, liabilities, inquiries and/or public records must be addressed pursuant to FHA requirements</li><li>▪ Material discrepancies from the prior credit report must be addressed pursuant to FHA requirements</li><li>▪ Note: A Gap Report is also known as a LQI Report, Undisclosed Debt Monitoring Report or Credit Refresh Report). It is intended to identify any changes in a borrower's credit report (excluding credit scores) between original credit report pull date and pre-funding. It is not intended to pull new credit scores</li></ul></li></ul>



## Correspondent Lending FHA Fixed Rate Product Profile

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<b>Derogatory Credit</b>	<p>The following are not eligible due to LenderLive overlay restriction on manual downgrades:</p> <ul style="list-style-type: none"><li>• <u>Bankruptcy discharged within 2 years of case number assignment date</u></li><li>• <u>Foreclosure within 3 years of case number assignment date</u></li><li>• <u>Deed in Lieu within 3 years of case number assignment date</u></li><li>• <u>Short Sale within 3 years of case number assignment date; with delinquencies</u></li></ul> <p>Judgments</p> <ul style="list-style-type: none"><li>• All judgments are required to be paid off or resolved prior to or at closing. A judgment is considered resolved if the borrower has entered in to a valid agreement with the creditor to make regular payments on the debt, the borrower has made timely payments for at least 3-months and judgment will not supersede FHA-insured mortgage lien. The borrower cannot prepay the scheduled payments in order to meet the required 3-month payment history. A copy of the agreement and evidence of timely payments is required</li><li>• For Cash Out Refinances, proceeds may not be used to pay off outstanding judgments at closing</li></ul> <p>Short sale</p> <ul style="list-style-type: none"><li>• 3 years required since the date of the short sale. Date is measured from date of transfer of title by short sale and case number assignment date</li></ul> <p>Credit Counseling</p> <ul style="list-style-type: none"><li>• Participation in a consumer credit counseling program does not require a downgrade. No explanation or other documentation is needed.</li></ul> <p>Timeshare</p> <ul style="list-style-type: none"><li>• Considered an installment debt with documentation to evidence collateral as timeshare when reported as a mortgage or reported as foreclosure</li></ul>
<b>Disaster Policy</b>	<ul style="list-style-type: none"><li>• <u>LenderLive may require a post-disaster inspection when the appraisal occurred before the incident end date of the disaster</u></li><li>• <u>See LenderLive Disaster Policy in Seller Guide for details</u></li></ul>
<b>Down Payment Assistance and Subordinate Financing</b>	<ul style="list-style-type: none"><li>• <u>Down Payment Assistance programs are permitted in accordance with FHA Guidelines. The source of the Down Payment Assistance must be a Government Entity. (i.e., Non Profits Trade Unions, etc. are not permitted)</u><ul style="list-style-type: none"><li>▪ No maximum CLTV/HLTV when the second is provided by a Government Entity</li></ul></li><li>• <u>Seller funded down payment assistance programs are ineligible</u></li><li>• Secondary financing from family members allowed in accordance with FHA's guidelines. Maximum CLTV is 100%</li><li>• All other sources of secondary financing must meet FHA's requirements. Maximum CLTV is 96.5%</li><li>• See 4000.1 II.A.4.d.iii (J) for FHA secondary financing requirements</li></ul>
<b>Eligible Mortgage Products</b>	<ul style="list-style-type: none"><li>• Fixed Rate: 10, 15, 20, 25 &amp; 30 yr terms (FHA High Balance is only permitted for 15 &amp; 30 yr terms)</li><li>• Section 234(C) Condominiums</li><li>• Simple Refinances allowed in accordance with FHA's guidelines</li><li>• For Streamline Refinance transactions, refer to the FHA Streamline Refinance Product Profile</li></ul>

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Most recent updates in **red font**

<b>Ineligible Mortgage Products and Special Features</b>	<ul style="list-style-type: none"> <li>• Any FHA programs/mortgage types identified in the FHA Handbook that are not specifically allowed in the Eligible Mortgage Types above, including but not limited to the following:             <ul style="list-style-type: none"> <li>▪ <u>203(K) Rehab</u></li> <li>▪ <u>Streamline K Rehab</u></li> <li>▪ <u>Title I Loans</u></li> <li>▪ <u>Home Equity Conversion Mortgages (Reverse Mortgages)</u></li> <li>▪ <u>Section 247 – Hawaiian Homelands</u></li> <li>▪ <u>Section 248 – Indian Reservations</u></li> <li>▪ <u>Section 223(e) – Declining Neighborhoods</u></li> <li>▪ <u>FHA Negative Equity Refinance (ADP Codes 821, 822, 831, 832)</u></li> <li>▪ <u>Disaster Victims Mortgage</u></li> <li>▪ <u>Energy Efficient Mortgage</u></li> <li>▪ <u>Weatherization</u></li> <li>▪ <u>Solar and Wind</u></li> <li>▪ <u>\$100 HUD REO</u></li> </ul> </li> </ul>
<b>Employment / Income</b>	<ul style="list-style-type: none"> <li>• <u>Tax transcripts are required for each borrower whose income is utilized as a source of repayment. Transcripts must be provided for the number of years of income used to qualify the borrower. Tax transcripts are required to support the income used to qualify the borrower. If only W2 income is used to qualify, the lender may obtain W2 transcripts as long as tax returns are not included in the loan file. Generally, when the documentation used to verify income is from the same calendar period as the tax transcript, the information must match exactly. If tax transcripts are not available (due to a recent filing) a copy of the IRS notice showing “No record of return filed” is required along with documented acknowledgement receipt (such as IRS officially stamped tax returns or evidence that the return was electronically received) from the IRS and the previous 2 years tax transcripts</u></li> <li>• A 4506-T, signed at application and closing, is required for all transactions</li> <li>• Self-employed borrowers must provide a YTD P&amp;L and balance sheet if more than a calendar quarter has elapsed since the date of the most recent tax return (calendar or fiscal year-end) was filed. A balance sheet is not required for self-employed borrowers filing Schedule C income</li> <li>• If income used to qualify the borrower exceeds the 2 year average of tax returns, an audited P&amp;L or signed quarterly tax returns obtained from IRS are required</li> <li>• 2 years Employment and Income required regardless of TOTAL Scorecard response (Income requirement is 2 years W-2's for each borrower )</li> <li>• Mortgage Credit Certificates (MCCs) permitted             <ul style="list-style-type: none"> <li>▪ <u>Due to system constraints, MCC credits may not be used to offset the proposed mortgage payment</u></li> </ul> </li> <li>• <u>In addition to the underwriting-performed VOE, a verbal VOE is required, as follows:</u> <ul style="list-style-type: none"> <li>▪ <u>Verbal VOEs for hourly, salaried, or commission income borrowers must be completed within 10 business days of the note and must confirm the borrower is currently employed and must address the probability of continued employment</u> <ul style="list-style-type: none"> <li>– If the company representative states they do not perform verbal verifications, confirm borrower is still employed via a receptionist, phone extension directory and/or active voice mail box</li> <li>– If the company representative indicates they do not comment on probability of continued employment, document response on <u>Verbal Verification of Employment</u></li> </ul> </li> <li>▪ <u>Verifications for active-duty military borrowers may be in the form of a military Leave and Earnings Statement (LES) dated within 30 days of closing</u></li> <li>▪ <u>Verifications for self-employed borrowers must be within the most recent 30 days and must be obtained from a third party such as a CPA, regulatory agency or the applicable licensing bureau and verification of the business' phone listing and address via phone book, the internet or directory assistance is also required</u></li> <li>▪ <u>Verification of employment/certification of non-employment income is required for all loans prior-to-funding and must be completed on Verbal Verification of Employment form</u></li> </ul> </li> </ul>
<b>Escrows</b>	<ul style="list-style-type: none"> <li>• Escrow Waivers <b>not</b> allowed</li> <li>• Escrow Impounds Accounts must be established for taxes and insurance premiums in accordance with FHA guidelines</li> <li>• With the exception of new construction, property tax escrows are calculated using the taxes stated on the title commitment, regardless of the rate used to calculate the borrower's DTI</li> <li>• For new construction, to calculate taxes for qualifying and escrows, use 1.5% of the appraised value or, if available, the Mi II Tax method</li> </ul>

## Correspondent Lending FHA Fixed Rate Product Profile

 Most recent updates in **red font**

<b>Escrow Holdbacks (Postponed Repairs / Improvements)</b>	<ul style="list-style-type: none"> <li>• Escrow holdbacks are allowed in accordance with FHA guidelines, including but not limited to the following requirements/restrictions:                     <ul style="list-style-type: none"> <li>▪ Holdbacks permitted for inclement <b>weather related</b> reasons only</li> <li>▪ Holdbacks permitted for <b>external</b> repairs/improvements only</li> <li>▪ <u>Must hold back 150% of cost of repairs/improvements</u></li> <li>▪ <u>Cost of repairs may not exceed 10% of 'as completed' appraised value</u></li> <li>▪ <u>Repairs must be completed within 180 days of note date</u></li> <li>▪ Repairs/improvements may not affect safety, soundness, habitability and structural integrity of subject property. Unacceptable repairs/improvements include but are not limited to the following:                             <ul style="list-style-type: none"> <li>– Plumbing, electrical, septic, or HVAC systems not fully functional</li> <li>– Kitchen not fully functional</li> <li>– Partially completed addition or renovation</li> <li>– Roofing issues, including coupling /curling shingles and leaks, past or present ,unless certified as having been repaired</li> <li>– Foundation cracks or settling including leaks past or present unless certified as having been repaired</li> <li>– Water seepage, including water in basement</li> <li>– Siding or fascia along eaves that is missing or has significant damage</li> <li>– Mold of any significance</li> </ul> </li> </ul> </li> <li>• A post funding stipulation for a copy of a 1004D confirming completion will be placed on loans where the appraisal is "subject to" improvements</li> <li>• A post funding stipulation for a final title policy endorsement that ensures the priority of the first lien will be required on any loan where the appraisal is "subject to" improvements. Holdbacks may not adversely affect title. Clear title required</li> <li>• A copy of the escrow agreement (HUD 92300 on FHA loans) will be required that states how the escrow account will be managed and how the funds will be disbursed</li> </ul>
<b>Reserves</b>	<ul style="list-style-type: none"> <li>• 3 months PITI required on 3 to 4-Unit properties</li> </ul>
<b>High Cost / Higher Priced Mortgage Loans</b>	<ul style="list-style-type: none"> <li>• <u>LenderLive will not purchase High Cost Loans</u></li> <li>• <u>High Priced Mortgage Loans (HPMLs) are not permitted on High Balance loans</u></li> <li>• LenderLive will purchase Higher Priced Mortgage Loans (HPML) that comply with all state and federal laws, including Regulation Z and Home Mortgage Disclosure Act (HMDA) amendments, as well as underwriting and consumer protection requirements. Additional requirements are as follows:                     <ul style="list-style-type: none"> <li>▪ Submission of the rate spread (difference) as required by Regulation Z, HMDA, and any other local or state statutes. This may be evidenced by a providing a screenshot of the results from the Federal Financial Institutions Examination Council's <a href="#">FFIEC Rate Spread Calculator</a> or results from Mavent, ComplianceEase or similar compliance testing software for the rate spread,</li> <li>▪ The loan must be a Qualified Mortgage</li> <li>▪ An escrow account must be established for taxes and insurance premiums (including flood insurance) on any transaction secured by a principal residence                             <ul style="list-style-type: none"> <li>○ Escrow account must be established for a minimum of 60 months</li> <li>○ Note: For condominium loans, if the Homeowners' Association (HOA) maintains a master policy insuring the unit (meeting LenderLive Credit Policy requirements), only the tax portion is required to be escrowed</li> </ul> </li> <li>▪ A full internal/external appraisal is required</li> <li>▪ A second appraisal is required if the property was:                             <ul style="list-style-type: none"> <li>○ Acquired by the seller 90 or fewer days prior to the consumer's agreement to purchase the property and price has increased by more than 10% . See Property Flipping Policy section of this document for additional information</li> <li>○ Acquired by the seller between 91 and 180 prior to the consumer's agreement to purchase the property, and price has increased by more than 20%</li> </ul> </li> <li>▪ No waiver of appraisal waiting periods prior to closing is permitted</li> <li>▪ Prepayment Penalty is not permitted (Note that LenderLive does not purchase loans with Prepayment Penalties regardless of HPML status)</li> <li>▪ <u>FHA TOTAL Scorecard Accept, DU Approve or LP Accept required</u></li> <li>▪ Borrower must meet minimum Residual Income requirements that mirror VA requirements</li> <li>▪ PITI reserves as required by product guideline and/or AUS findings</li> </ul> </li> </ul>



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 FHA  
 Fixed Rate Product Profile**

Most recent updates in **red font**

<b>Identity of Interest Transaction</b>	<p>Maximum LTV is 85% for Identity of Interest &amp; Tenant/Landlord transactions. See Handbook 4000.1 for exception to the maximum LTV</p> <p>For the purpose of Identity of Interest transactions, the definition of family member includes: child, parent, or grandparent, spouse legally adopted son or daughter, including a child who is placed with the borrower by an authorized agency for legal adoption foster child, brother, stepbrother, sister, stepsister uncle, and aunt.</p> <p>Note: A child is defined as a son, stepson, daughter, or stepdaughter. A parent or grandparent includes a step-parent/grandparent or foster parent/grandparent.</p>
<b>Loan Purpose</b>	<p><b>Purchase Transactions</b> are permitted</p> <p><b>No Cash Out Refinance; Rate/Term Refinance</b></p> <ul style="list-style-type: none"> <li>• Includes Simple Refinances meeting FHA requirements</li> <li>• Proceeds can be used to pay off an FHA or non-FHA first mortgage regardless of age</li> <li>• Proceeds can be used to pay off any junior liens related to the purchase of the subject property, or that are seasoned at least 12 months</li> <li>• Pay related Closing Costs and Prepaid items</li> <li>• Disburse cash out to the Borrower in an amount not to exceed \$500</li> </ul> <p><b>Cash Out Refinance</b></p> <ul style="list-style-type: none"> <li>• 1003 must clearly document purpose of Cash Out (i.e., home improvement, debt consolidation, etc.) under "Purpose of Refinance" section. <b>Otherwise, a Cash Out Purpose Letter, from borrower, is required to explain how the funds will be used. Information is required for HMDA reporting purposes</b></li> <li>• <u>Cash-in-hand is limited to no more than \$200,000</u></li> <li>• Any co-borrower/co-signer added must occupy property; income from a Non-occupant Co-borrower may not be used to qualify</li> <li>• Property must have been owned and occupied by the borrower as primary residence for the 12-months prior to the case assignment. See Handbook 4000.1 for exceptions when the property is inherited</li> <li>• <b>ALL</b> mortgages must have been paid 0x30 for the previous 12-months or since the borrower obtained the mortgage(s), whichever is less</li> <li>• Properties with mortgages must have a minimum of 6 months of mortgage payments</li> <li>• Properties owned free &amp; clear may be refinanced as Cash Out transactions</li> </ul>
<b>Maximum Loan Amount</b>	<p>Maximum loan amount varies by county. Refer to the FHA Connection Website to determine the geographic mortgage limits. <u>However, in no case will LenderLive Network lend more than \$650,000 on a 3 or 4-unit property, regardless of the applicable FHA county loan limit.</u></p> <p>When calculating the individual maximum loan amount, refer to the following worksheets posted on LenderLive Correspondent Lending website:</p> <ul style="list-style-type: none"> <li>• <i>Purchase</i> - FHA Purchase Maximum Mortgage Worksheet, Doc. LLNFHA-#3328</li> <li>• <i>Rate/Term Refinance</i> - Rate/Term Refinance Maximum Mortgage Worksheet, Doc. LLNFHA-#3342</li> <li>• <i>Cash Out Refinance</i> - Cash Out Refinance Maximum Mortgage Worksheet, Doc. LLNFHA-#3345</li> </ul>
<b>Maximum Number of FHA Insured Properties</b>	<ul style="list-style-type: none"> <li>• Only 1 FHA insured allowed unless FHA exceptions are met</li> <li>• Maximum of 4 properties serviced by LenderLive</li> <li>• LenderLive reserves the right to limit the number and/or aggregate dollar amount of \$1,500,000</li> <li>• While rent information may not be required by LP when the borrower qualifies with out any rental income from the property, the monthly rent information is required</li> </ul>
<b>Minimum Loan Amount</b>	<ul style="list-style-type: none"> <li>• <u>\$50,000</u></li> </ul>



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Most recent updates in **red font**

<b>Modular Home Definition</b>	<p>The property must meet all the of the following criteria to be a modular home:</p> <ul style="list-style-type: none"> <li>• Modular homes are built in sections at a factory</li> <li>• Modular homes are built to conform to all state, local or regional building codes at their destinations</li> <li>• Sections are transported to the building site on truck beds, then joined together by local contractors</li> <li>• Local building inspectors check to make sure a modular home's structure meets requirements and that all finish work is done properly</li> <li>• These structures are not titled until installed onsite and become part of the real property</li> <li>• Taxed as real estate (not taxed as personal property)</li> <li>• Assembled on a permanent foundation</li> </ul>
<b>Mortgage Insurance</b>	<ul style="list-style-type: none"> <li>• Refer to FHA Appendix 1.0 Mortgage Insurance Premiums in FHA Handbook 4000.1</li> </ul>
<b>Occupancy</b>	<ul style="list-style-type: none"> <li>• Primary Residence only</li> </ul>
<b>Principal Reductions (Curtailments)</b>	<ul style="list-style-type: none"> <li>• Principal reductions permitted in accordance with applicable Agency guidelines</li> </ul>
<b>Property: Eligible Types</b>	<p><b>203(B) Loans</b></p> <ul style="list-style-type: none"> <li>• 1 to 4-unit property</li> <li>• Modular Homes (see definition in this document)</li> <li>• PUD</li> </ul> <p><b>234(C) Loans</b></p> <ul style="list-style-type: none"> <li>• Condominiums (234 (c) loans) must appear on the list of FHA-approved condo projects as an "HRAP" approval method in order to be eligible. Link: <a href="https://entp.hud.gov/idapp/html/condlook.cfm">https://entp.hud.gov/idapp/html/condlook.cfm</a></li> </ul>
<b>Property: Eligible Title to Property and Estate Type &amp; Resale Deed Restrictions</b>	<ul style="list-style-type: none"> <li>• <u>Title to property must be held in Fee Simple only</u></li> <li>• <u>Other forms of property ownership, including but not limited to Life Estates, Leasehold Estates, Fee Tail Estates, Cooperatives, etc. are <b>not</b> eligible for sale to LenderLive</u></li> <li>• Resale Deed Restrictions:             <ul style="list-style-type: none"> <li>• <u>LenderLive does not purchase Mortgage Loans subject to resale deed restrictions, other than an acceptable Age Deed Restriction on a one-unit property for Borrower's principal residence that meets FHA guidelines. Refer to Seller Guide for additional information regarding Resale Deed Restrictions</u></li> </ul> </li> <li>• <u>Loans with PACE or PACE-like Assessments are not eligible for sale to LenderLive</u></li> </ul>



## Correspondent Lending FHA Fixed Rate Product Profile

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<b>Property: Ineligible Types</b>	<p>In addition to ineligible property types identified in FHA Handbook, the following property types are ineligible:</p> <ul style="list-style-type: none"> <li>• Bed and breakfast properties</li> <li>• Boarding houses</li> <li>• <u>Condition Rating of C5/C6 or a Quality Rating of Q6</u></li> <li>• <u>Condominium Conversions that were converted within the last three years</u></li> <li>• Units in condo or co-op hotels</li> <li>• <u>Cooperatives</u></li> <li>• Geodesic Domes</li> <li>• <u>Hawaii properties in lava zones 1 and 2</u></li> <li>• Hotel Condominiums</li> <li>• <u>Land Trusts, including Illinois Land Trusts</u></li> <li>• <u>Leaseholds</u></li> <li>• Property currently in litigation (for condominiums, refer to Condominium Litigation section of LenderLive Seller Guide for allowances and restrictions)</li> <li>• <u>Properties on Indian (Native American) tribal or Indian Trust Land or Restricted Land or where borrower has a leasehold interest in same</u></li> <li>• Properties that are not readily accessible by roads that meet local standards</li> <li>• Properties that are not suitable for year round occupancy regardless of location</li> <li>• Timeshares</li> <li>• Unimproved Land</li> <li>• Vacant land or lend development projects</li> <li>• Agricultural properties such as working farms and ranches</li> <li>• Refer to LenderLive Seller Guide for complete list of ineligible property types</li> </ul>
<b>Property Flipping Policy</b>	<ul style="list-style-type: none"> <li>• Properties resold 90 days or fewer following the date of acquisition by the seller are not eligible for FHA financing unless the loan meets the exceptions set forth in 4000.1 II.A.1.iv (A)(3). The date of acquisition is defined as date of settlement on the seller's purchase of the property. The resale date is defined as the date of execution of the sales contract by a buyer intending to finance the property with an FHA-insured loan</li> <li>• Properties resold between 91 and 180 days after acquisition require a second appraisal by a different appraiser if the resale price is 100% or more over the price paid by the seller when the property was acquired             <ul style="list-style-type: none"> <li>▪ If the value indicated on the second appraisal is more than 5% lower than the value indicated on the original appraisal, the lower value of the second appraisal must be used to calculate the maximum mortgage amounts and LTV/CLTV</li> <li>▪ If the value indicated on the second appraisal is no more than 5% less than the value indicated on the original appraisal or the value indicated on the second appraisal exceeds the value on the original appraisal, the value of the original appraisal is used to calculate maximum loan amounts and LTV/CLTV</li> <li>▪ Borrowers are not permitted to pay for the second appraisal</li> </ul> </li> </ul>
<b>Pre Payment Penalty</b>	<ul style="list-style-type: none"> <li>• Not permitted</li> </ul>
<b>Qualifying Rate</b>	<ul style="list-style-type: none"> <li>• Note rate</li> </ul>
<b>Ratios / DTI</b>	<ul style="list-style-type: none"> <li>• DTI ratios are determined by AUS</li> </ul>
<b>Recently Listed Properties</b>	<ul style="list-style-type: none"> <li>• Purchases - See Property Flipping</li> <li>• Cash Out Refinances             <ul style="list-style-type: none"> <li>▪ Property must be off the market at least 6 months prior to application</li> </ul> </li> <li>• Rate/Term Refinances             <ul style="list-style-type: none"> <li>▪ LTV &lt; 70% - Property must be off the market at least one day prior to application - Evaluated on a case-by-case basis</li> <li>▪ LTV =&gt; 70% - Property must be off the market at least 3 months prior to application</li> </ul> </li> </ul>

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<b>Rental Income</b>	<p><b><u>Purchase of 2-4 Unit Properties</u></b></p> <ul style="list-style-type: none"> <li>• Rental income from the non-owner occupied units may be used, provided all of the following documentation is provided:                     <ul style="list-style-type: none"> <li>▪ Fully executed lease agreement – Borrower may provide a copy of the seller’s fully executed existing lease agreement or a fully executed new lease agreement. If neither an existing or new lease agreement exists, rental income is not permitted</li> <li>▪ The monthly rent is calculated by subtracting the vacancy factor.</li> <li>▪ Income must be used as income and cannot be used as an offset to the mortgage payment</li> <li>▪ 3 to 4-Unit properties must meet the following additional requirements:                             <ul style="list-style-type: none"> <li>– The property must be self-sufficient. A property is self-sufficient if the monthly mortgage payment (PITI and HOA dues) divided by the monthly net rental income after applying the vacancy factor does not exceed 100%</li> <li>– Three months reserves required</li> </ul> </li> </ul> </li> </ul> <p><b><u>Refinances of 2-4 Unit Properties and/or Rental Income from Other Investment Properties</u></b></p> <ul style="list-style-type: none"> <li>• Rental income from the borrower’s investment properties or the subject property’s non-owner occupied units may be used, provided all of the following documentation is provided:                     <ul style="list-style-type: none"> <li>▪ Schedule E of IRS form 1040. Rental history must be free from unexplained gaps greater than three months. Gaps may be explained by student, seasonal or military renters or property rehab                             <ul style="list-style-type: none"> <li>– Income is calculated by adding back depreciation to the net income or net loss</li> <li>– Income must be used as income</li> <li>– Losses must be used as liabilities</li> </ul> </li> <li>▪ For properties acquired since the most recent tax returns were filed, provide a current lease agreement or agreement to lease. The monthly rent is calculated by subtracting the vacancy.</li> <li>▪ Income must be used as income and cannot be used as an offset to the mortgage payment</li> <li>▪ 3 to 4-Unit properties must meet the following additional requirements:                             <ul style="list-style-type: none"> <li>– The property must be self-sufficient. A property is self-sufficient if the monthly mortgage payment (PITI and HOA dues) divided by the monthly net rental income after applying the vacancy factor does not exceed 100%</li> <li>– 3 months reserves required</li> </ul> </li> </ul> </li> </ul>		
<b>State Restrictions</b>	<ul style="list-style-type: none"> <li>• <u>Illinois Land Trust vestings - not eligible</u></li> <li>• Texas 50(a)(6) refinances - not eligible</li> <li>• <u>U.S. Territories and Possessions , including but not limited to American Samoa, Guam, Northern Mariana Islands, Puerto Rico and U.S. Virgin Islands - not eligible</u></li> </ul>		
<b>New York CEMA</b>	<ul style="list-style-type: none"> <li>• LenderLive permits Refinance and Purchase Consolidation and Extension Modification Agreement (CEMA) loans</li> <li>• Refer to LenderLive Correspondent Seller Guide for requirements and applicable fees</li> </ul>		
<b>Temporary Buydowns</b>	<ul style="list-style-type: none"> <li>• <u>Not permitted</u></li> </ul>		
<b>UFMIP</b>	<ul style="list-style-type: none"> <li>• A copy of the FHA Connection Case Query evidencing receipt of the Up Front Mortgage Insurance Premium (UFMIP) must be included in the loan file at the time of delivery</li> </ul>		
<p><b><i>*Seller shall deliver loans originated in accordance with the Federal Housing Administration Handbook, unless otherwise noted in the LenderLive Product Profile or Seller Guide. Product Profile is as an aid to help determine whether a property/loan qualifies for certain financing. It is not intended as a replacement for FHA guidelines.</i></b></p> <p><b><u>Overlays to FHA guidelines are underlined</u></b></p>			
<b>Resources</b>	HUD.GOV - FHA Mortgage Limits HUD.GOV - FHA Condominiums HUD.GOV - FHA Lenders Handbook 4000.1, FHA Single Family Housing Policy Handbook	Link to website Link to website Link to website Link to PDF	<a href="https://entp.hud.gov/idapp/html/hicostlook.cfm">https://entp.hud.gov/idapp/html/hicostlook.cfm</a> <a href="https://entp.hud.gov/idapp/html/condlook.cfm">https://entp.hud.gov/idapp/html/condlook.cfm</a> <a href="http://portal.hud.gov/hudportal/HUD?src=/groups/lenders">http://portal.hud.gov/hudportal/HUD?src=/groups/lenders</a> <a href="http://portal.hud.gov/hudportal/documents/huddoc?id=40001HSGH.pdf">http://portal.hud.gov/hudportal/documents/huddoc?id=40001HSGH.pdf</a>