

	Conventional	FHA	RD	VA
<b>Credit</b>				
<b>Credit Score Requirements</b>	At least one credit score required for all borrowers <ul style="list-style-type: none"> <li>Minimum 620; must receive AUS approve findings</li> </ul>	At least one credit score required for all borrowers <ul style="list-style-type: none"> <li>Minimum 580 for FHA Streamline Transactions</li> <li>All other FHA transactions do not require a minimum score but must adhere to FHA guidelines</li> </ul>	<ul style="list-style-type: none"> <li>GUS Accept – No minimum</li> <li>Refer or Manual Underwrite - 620 minimum   <i>Please see the TFOC Rural Housing Product Sheet for additional documentation requirements</i></li> <li>No Score loans are acceptable (<i>Treated the same as 620-639 score</i>)</li> </ul>	At least one credit score required for all borrowers <ul style="list-style-type: none"> <li>Minimum 640 for NOO IRRRL and CO Refinance transactions in which the cash to borrower exceeds \$500.00</li> <li>Minimum 620 for all other VA transactions</li> </ul>
<b>Ineligible Programs</b>	MCC Loans	Section 184	None	None
<b>Manual Underwriting</b>	Not allowed	Allowed – please refer to FHA manual underwriting guidelines	Allowed – please refer to RD manual underwriting guidelines	Allowed – Please refer to VA manual underwriting guidelines

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<b>Income</b>				
<b>Income Calculation Worksheet</b>	Required on all loans that require income qualification.			
<b>Tax Transcripts</b>	<ul style="list-style-type: none"> <li>W-2 transcripts <b>are not required</b> when all income information used to decision a loan is made up <b>exclusively</b> of wage earner income reported on a W-2 and/or <b>fixed income</b> reported on a 1099 (e.g., social security or VA benefits). <b>EXCEPTION:</b> 4506-T and 1040 IRS tax return transcripts are required for all adult household members not on the loan for RD transactions.</li> <li>Either one or two years of the most recent 1040 IRS tax return transcript are required for the following (depending on the AUS requirements for Conv, FHA, and VA): <ul style="list-style-type: none"> <li>Borrowers with non-W-2 income used to qualify</li> <li>Self- employed borrowers (including business returns, if required)</li> <li>Commission income representing 25% or more of income used to qualify</li> <li>Borrowers with rental properties</li> <li>Borrowers employed by family members</li> </ul> </li> </ul>			



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<b>Property</b>				
<b>Condition of Property</b>	<ul style="list-style-type: none"> <li>We do not purchase loans where condition of property is rated as C6</li> <li>C5 Only acceptable if appraisal is done subject to repairs and escrow funds are held for the repairs(must refer to ACH Repair Escrow Policy)</li> <li>SSR Over Valuation Flag- documentation must be provided to support acceptance of value</li> </ul>			
<b>Co-Ops</b>	Not Allowed			
<b>Ineligible Property Types</b>	<ul style="list-style-type: none"> <li>Co-operatives</li> <li>Earth Homes, Geothermal, geodesic domes or homes built into or underground either fully or partially</li> <li>Leaseholds</li> <li>Commercial Properties</li> <li>Properties in which the highest and best use is not considered residential</li> <li>Singlewide Manufactured Homes (Unless originated utilizing RD financing)</li> </ul>			
<b>Leaseholds</b>	Not Allowed			
<b>Life Estate Interest</b>	Not Allowed			
<b>LLC's as Sellers</b>	Following documentation is required when seller is a LLC: <ul style="list-style-type: none"> <li>Evidence of authorized signers</li> <li>Must meet all agency/product guidelines</li> </ul>			
<b>Loans Currently in Redemption on Purchases</b>	Towne will accept loans where property is currently in redemption as long as the title insurer will add the full language below into its commitment to evidence a specific exception for the unexpired right of redemption.  <i>Title insurer will affirmatively insure the mortgage against all loss arising out of the exercise of any outstanding right of redemption; without qualification.</i>			
<b>Manufactured Housing</b>	Doublewide Only	Doublewide Only	Double and Single Wide Allowed	Doublewide Only



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<b>Other</b>				
<b>Buydowns</b>	Not Allowed			
<b>Closing In a Trust</b>	Trust Cert or Attorney Opinion Letter required.			
<b>Foreign National and DACA</b>	Allowed	Not Allowed	Not Allowed	Not Allowed
<b>Fraud Detection Tool</b>	Fraud Detection Tool (such as Fraudguard, DataVerify, etc.) is required and at a minimum must include the following: <ul style="list-style-type: none"> <li>▪ Liens and Judgement search</li> <li>▪ Bankruptcy Search</li> <li>▪ Ownership and Occupancy</li> <li>▪ Associated Business Search (needed for Freddie Mac loans)</li> </ul>			
<b>Higher-Priced Mortgage Loans (HPML)</b>	Loans must meet Residual Income requirements. Please reference the standalone guide for Residual Income Calculation.			
<b>Maximum Loan Amount</b>	Per Agency Guidelines	Per Agency Guidelines	Per Agency Guidelines	The VA guaranty plus cash/equity must be greater than or equal to 25% of the purchase price or Notification of Value (NOV), whichever is less, on all purchase and non-IRRRL refinance transactions.
<b>Maximum LTV/CLTV</b>	Per Agency Guidelines	Per Agency Guidelines	Per Agency Guidelines	<ul style="list-style-type: none"> <li>▪ Maximum 90% for C/O Refinance transactions in which the cash to borrower exceeds \$500.00</li> <li>▪ Maximum 100% for all other VA transactions</li> </ul>
<b>Maximum Number of Loans to 1 Borrower</b>	Maximum of 4 loans with a max cumulative dollar amount of \$1,500,000			
<b>Minimum Loan Size</b>	\$50,000	\$50,000	\$30,000	\$50,000
<b>Net Tangible Benefit</b>	For any refinance transaction, our policy is that the borrower receives a net tangible benefit. Simply put, the benefit of doing the transaction outweighs any costs associated with the loan. A net tangible benefit may be in the form of comparing the COST of doing the loan against the benefit of: a reduced interest rate, a reduced monthly mortgage premium, a shorter term, going from an ARM to a fixed rate or in the instance of a cash out refinance determining if the borrower could raise the same amount of money elsewhere at a much lower cost.			
	Net tangible benefit disclosures mandated by any city, state or federal regulation and/or any agency guidelines are required.			



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<b>Other - Continued</b>				
<b>Other Required Documentation</b>	The loan file must document the following: <ul style="list-style-type: none"> <li>▪ Evidence of credit monitoring through the note date</li> <li>▪ All federal, state, local and agency compliance/high cost tests</li> <li>▪ Validation that loan participants are not included on industry exclusionary lists (including LDP/GSA)</li> </ul>			
<b>Private Mortgage Insurance</b>	Allowable Forms of PMI <ul style="list-style-type: none"> <li>▪ Borrower Paid Monthly</li> <li>▪ Single Premium Borrower Paid</li> <li>▪ Single Premium Lender Paid</li> </ul> **Lender Paid Monthly policies are not acceptable.**  Approved MI Companies <ul style="list-style-type: none"> <li>▪ ARCH</li> <li>▪ Essent Guarantee</li> <li>▪ Genworth</li> <li>▪ MGIC</li> <li>▪ National MI</li> <li>▪ Radian</li> </ul>	N/A	N/A	N/A
<b>Repair Escrows</b>	Must follow agency specific guidelines pertaining to repair escrows.  Please reference Towne Mortgage Company's agency specific Escrow Holdback Policy if Towne is to administer the escrow holdback account.			



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<b>Other - Continued</b>				
<b>Streamline Refinances</b>	N/A	Credit score overlays apply	None	IRRRL – With Appraisal <ul style="list-style-type: none"> <li>▪ Min 620 Score: 100% max LTV</li> </ul> IRRRL – Without Appraisal <ul style="list-style-type: none"> <li>▪ Min 640 Score: No LTV requirement</li> <li>▪ Min 60 Score: Max LTV 100%; must document value by providing cost of acquisition, AVM or online valuation tool such as Zillow or Redfin</li> </ul>
<b>Texas 50(a)6</b>	<ul style="list-style-type: none"> <li>▪ Non occupying Co-Borrower or Co-Signers not allowed on loan or title</li> <li>▪ Trust not allowed</li> <li>▪ Power of Attorney not allowed</li> </ul>			

