

	Conventional	FHA	RD	VA
Credit				
Credit Score Requirements	At least one credit score required for all borrowers <ul style="list-style-type: none"> Minimum 620; must receive AUS approve findings 	At least one credit score required for all borrowers <ul style="list-style-type: none"> Minimum 580 for FHA Streamline Transactions All other FHA transactions do not require a minimum score but must adhere to FHA guidelines <p>**No minimum score required for streamlines currently serviced by Towne Mortgage.</p>	<ul style="list-style-type: none"> GUS Accept- No Minimum Refer/Manual Underwrites- 620 Minimum No Score Loans are Acceptable 	At least one credit score required for all borrowers <ul style="list-style-type: none"> Minimum 600
Ineligible Programs	MCC Loans	Section 184	None	None
Manual Underwriting	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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Income				
Verbal VOEs	Required to be completed no more than 10 calendar days prior to closing.			
Income Calculation Worksheet	Required on all loans that require income qualification.			
Tax Transcripts	<ul style="list-style-type: none"> W-2 transcripts are not required when all income information used to decision a loan is made up exclusively of wage earner income reported on a W-2 and/or fixed income reported on a 1099 (e.g., social security or VA benefits). EXCEPTION: 4506-T and 1040 IRS tax return transcripts are required for all borrowers and adult household members not on the loan for RD transactions. 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"> ➤ Borrowers with non-W-2 income used to qualify ➤ Self- employed borrowers (including business returns, if required) ➤ Commission income representing 25% or more of income used to qualify ➤ Borrowers with rental properties ➤ Borrowers employed by family members 			



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Property				
Condition of Property	<ul style="list-style-type: none"> ▪ We do not purchase loans where condition of property is rated as C6 ▪ 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) ▪ SSR Over Valuation Flag and Risk Score of > 3.5- documentation must be provided to support acceptance of value 			
Ineligible Property Types	<ul style="list-style-type: none"> ▪ Co-operatives ▪ Earth Homes, Geothermal, geodesic domes or homes built into or underground either fully or partially ▪ Leaseholds ▪ Commercial Properties ▪ Properties in which the highest and best use is not considered residential ▪ Singlewide Manufactured Homes (Unless originated utilizing RD financing) 			
Life Estate Interest	Not Allowed			
LLC's as Sellers	Following documentation is required when seller is a LLC: <ul style="list-style-type: none"> ▪ Evidence of authorized signers ▪ Must meet all agency/product guidelines 			
Loans Currently in Redemption on Purchases	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>			
Manufactured Housing	Doublewide Only	Doublewide Only	Doublewide Only	Doublewide Only
Transferring AIR compliant appraisals from another lender	Appraisal must come from the lender or management company directly and we must include evidence it was ordered under AIR Policy for conventional loans. Appraisals from another lender (both conventional and FHA) are subject to underwriter review and acceptance. Appraisals requiring corrections or revisions will not be accepted as USAP will not allow revisions to be completed. Therefore, new appraisal will be required.			
Deed Restrictions	Age Restrictions Only			
Escrow Waiver Policy	<ul style="list-style-type: none"> ▪ Max 80% LTV ▪ Must underwrite and approve in accordance to agency guidelines ▪ Flood Insurance must be escrowed 	Not Allowed	Not Allowed	<ul style="list-style-type: none"> ▪ Max 80% LTV ▪ Must underwrite and approve in accordance to agency guidelines ▪ Flood Insurance must be escrowed



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Assets				
Use of business funds for closing	All loan types: For Business asset documentation, please refer to agency guidelines. When a borrower intends to use business assets as funds for the down payment and we will perform a business cash flow analysis to confirm that the withdrawal of funds for this transaction will not have a negative impact on the business.			

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Other				
Buydowns	Not Allowed			
Closing In a Trust	Trust Cert or Attorney Opinion Letter required.			
DACA Borrowers	Allowed – Please see Non-Permanent Resident Alien Guidelines	Not Allowed	Not Allowed	Not Allowed
Higher-Priced Mortgage Loans (HPML)	Loans must meet Residual Income requirements. Please reference the standalone guide for Residual Income Calculation.			
Maximum Loan Amount	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.
Maximum LTV/CLTV	Per Agency Guidelines	Per Agency Guidelines	Per Agency Guidelines	Per Agency Guidelines
Maximum Number of Loans to 1 Borrower	Maximum of 4 loans with a max cumulative dollar amount of \$1,500,000			
Minimum Loan Size	\$50,000	\$50,000	\$50,000	\$50,000
Net Tangible Benefit	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.			



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

**Retail/Wholesale/Mini-Correspondent
Lending Product Overlays**

	Conventional	FHA	RD	VA
Other - Continued				
Streamline Refinances	N/A	Minimum 580	None	IRRRL – With Appraisal <ul style="list-style-type: none"> Min 600 Score: 100% max LTV IRRRL – Without Appraisal <ul style="list-style-type: none"> Min 600 Score: No LTV requirement
Texas 50(a)6	<ul style="list-style-type: none"> Non occupying Co-Borrower or Co-Signers not allowed on loan or title Properties in a Trust are not allowed Power of Attorney not allowed 			

