

| | 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 | <ul style="list-style-type: none"> GUS Accept – No minimum Refer or Manual Underwrite - 620 minimum <i>Please see the TFOC Rural Housing Product Sheet for additional documentation requirements</i> No Score loans are acceptable (<i>Treated the same as 620-639 score</i>) | At least one credit score required for all borrowers <ul style="list-style-type: none"> VA IRRRL – 640 Minimum VA Cash-Out Refinance – <ul style="list-style-type: none"> ≤ 90% LTV – 640 Minimum > 90% & ≤ 100% - 660 Minimum |
| 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 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- 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 | |
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| Use of business funds for closing | <p>All loan types: For Business asset documentation, please refer to agency guidelines.</p> <p>Use of Business Assets: 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. In order to assess the impact, we will review business bank statements in order to see cash flow needs and trends from the most recent two months.</p> |

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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. | | | | |
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| Other - Continued | | | | |
| Other Required Documentation | The loan file must document the following: <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 | Allowable Forms of PMI <ul style="list-style-type: none"> Borrower Paid Monthly Single Premium Borrower Paid Single Premium Lender Paid **Lender Paid Monthly policies are not acceptable.** Approved MI Companies <ul style="list-style-type: none"> ARCH Essent Guarantee Genworth MGIC National MI Radian | N/A | N/A | N/A |
| Repair Escrows | 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. | | | |

Retail/Wholesale/Mini-Correspondent Lending Product Overlays

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|------------------------------|--|-----------------------------|------|--|
| Other - Continued | | | | |
| Streamline Refinances | N/A | Credit score overlays apply | None | IRRRL – With Appraisal <ul style="list-style-type: none"> ▪ Min 620 Score: 100% max LTV IRRRL – Without Appraisal <ul style="list-style-type: none"> ▪ Min 640 Score: No LTV requirement ▪ Min 60 Score: Max LTV 100%; must document value by providing cost of acquisition, AVM or online valuation tool such as Zillow or Redfin |
| 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 | | | |

