

SUBJECT GUARANTY HOME MORTGAGE CORPORATION OVERLAY	
Agency Guidelines	HUD: http://portal.hud.gov/hudportal/documents/huddoc?id=40001HSGH.pdf
4506-T and Tax Return Transcripts	<ul style="list-style-type: none"> • Tax transcripts required if: <ul style="list-style-type: none"> ◦ Borrower is self-employed, works for family, more than 25% of their income is from commission, or if tax returns are used to document any other type of income <ul style="list-style-type: none"> ◦ If 2 years income documentation is required per the loan program and/or AUS findings, then 2 years tax return transcripts are required ◦ If only one year of income documentation is required then only 1 year of transcripts are required.
Appraisals	<ul style="list-style-type: none"> • Brokers/Non-Delegated Correspondents: <ul style="list-style-type: none"> ◦ Must be ordered through GHMC approved AMC ◦ N/A if Non Delegated Correspondent has an approved AIR Policy on file
Assets	Not applicable
Credit Report Inquiries	Not applicable
Credit Scores	See Product Matrix and General Information Section below for minimum credit score requirements
Employment Contract	Not applicable
Escrow for Completion/Repairs	Not applicable
General Information	<p>As determined by Underwriter or DU/LP, except:</p> <ul style="list-style-type: none"> • Credit Scores 620-639: <ul style="list-style-type: none"> ◦ Loan must have AUS approval. ◦ Any mortgage late payments in the previous 12 months must have documented proof of extenuating circumstances <p>GHMC will not accept transactions including, but not limited to, the following:</p> <ul style="list-style-type: none"> • FHA Back to Work Policy • Cash-Out refinances with CLTV > 80% • Cash-Out refinances in the state of Texas • Condominium projects that are not FHA approved or with DELRAP approval (project must have HRAP approval to be eligible for FHA financing) • Fully qualifying and documented rate/term refinances with CLTV > 97.75% • Loans with any Section 50(a)(6) financing • HOPE for Homeowner's Program • HUD 184 Program - Indian Reservations • Hawaiian Homelands • FHA 203K Renovation or Streamline 203K • FHA Section 8 loans • FHA Military Impact Area Loans • FHA loans to non-profit organization borrowers • FHA Refinance Loans for Borrowers in Negative Equity Position (ML 2010-23) • Manufactured Homes • Loans subject to the FHA Test Case requirements • Loans approved based on non-traditional credit history, a traditional credit report with Loan Scores is required. • Properties with water purification or filtration systems • FHA Construction Permanent Mortgage Program as detailed in the 4155.1 Chapter 6, Section A Subsections 3-5.
High Balance Loans	<p>All GHMC overlays for FHA loans (and FHA Streamline Refinances if the subject transaction is a High Balance streamline refinance) apply in addition to:</p> <ul style="list-style-type: none"> • Higher loan limits are only allowed with Section 203(b). • GHMC will not accept transactions including, but not limited to, the following: <ul style="list-style-type: none"> ◦ Loans approved based on non-traditional credit history, a traditional credit report with loan scores is required ◦ Cash-Out Refinance with Foreclosure or Bankruptcy within most recent 7 years ◦ Seller Fund DAPs • Number of Appraisals required: <ul style="list-style-type: none"> ◦ 2 Full Appraisals for loan amounts greater than \$1 million

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Identity of Interest	Not applicable		
Investment Property	Not allowed		
Flood Insurance (All loan types)	Refer to Insurance Requirements Guide for more detail		
Maximum Number of Loans with GMHC	GHMC will only finance up to 4 properties for any borrower(s)		
Mortgage Credit Certificates	Mortgage Credit Certificates cannot be used for debt-to-income qualification purposes		
New Construction	Certificate of Occupancy required		
Refinance	<p>Streamline:</p> <ul style="list-style-type: none"> • All GHMC overlays for FHA loans apply in addition to: • Loans must be current and have no 30-day or greater mortgage lates in the most recent 12 months. • FHA non-credit qualifying Streamline Refinances are ineligible for Higher Priced Mortgage Loans (HPML). • Minimum Loan Score is 640; 700 for High Balance • A tri-merge credit report is required (including non-qualifying streamlines) to solely validate the loan score. • Owner occupied one unit only • Loan must not be run through AUS • If funds are needed to close, must be verified and sourced • Existing subordinate financing may remain in place if CLTV is 100% or less <p>Cash Out:</p> <ul style="list-style-type: none"> • Existing subordinate financing may remain in place provided CLTV does not exceed 80% LTV • New subordinate financing is allowed provided CLTV does not exceed 80% LTV <p>No Cash Out:</p> <ul style="list-style-type: none"> • Existing subordinate financing may remain in place provided CLTV does not exceed 97.75% LTV • New subordinate financing is allowed provided CLTV does not exceed 97.75% LTV 		
Reserves	Not applicable		
Sales Contract Changes/ Re-negotiated Purchase Agreements	<p>GHMC will not accept renegotiated purchase agreements that increase the sales price after the original appraisal has been completed. 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-paids where seller paid closing costs/ pre-paids are common and customary for the market and supported by the comparables, or • 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 modifications 		
Sale of Personal Property	Not applicable		
Secondary Employment/ Multiple Jobs	Not applicable		
Significant Derogatory Events (Bankruptcy, Foreclosure, Short Sale and Deed in Lieu)	<ul style="list-style-type: none"> • Shorter periods for extenuating circumstances are generally not allowed but may be considered based on a verifiable catastrophic life event, on an exception basis. (Divorce is not considered a catastrophic life event) 		
Subordinate Financing	See "FHA Refinance" section		
Termite, Septic and individual water systems	Cisterns, springs and water sources other than dug well are generally not acceptable, but may be considered on an exception basis		
Variable Income	Not applicable		
Verbal Verification of Employment (VVOE)	<ul style="list-style-type: none"> • Self-employed borrowers: <ul style="list-style-type: none"> ◦ Verbal VOE to be completed within 30 days of note date 		