

LENDER UNDERWRITING GUIDELINES

**TEXAS STATE AFFORDABLE HOUSING CORPORATION
PROFESSIONAL EDUCATORS SINGLE FAMILY
MORTGAGE REVENUE BOND PROGRAM
SERIES 2007A-1**



Table of Contents

LENDER UNDERWRITING GUIDELINES.....	1
MORTGAGE LOANS: GENERAL INFORMATION	1
TEMPORARY BUY-DOWNS	1
UNDERWRITING GUIDELINES	1
<i>AUS Underwriting</i>	1
<i>Manual Underwriting</i>	2
CONTRACT UNDERWRITING	3
CREDIT SCORES.....	3
TITLE REQUIREMENTS	3
<i>Chain of Title Review</i>	3

LENDER UNDERWRITING GUIDELINES

For additional information regarding lender underwriting,
refer to the PLATINUM Seller's Guide.

<https://cld.countrywide.com>

Mortgage Loans: General Information

Mortgage loan applications must be accepted on a first-come, first-served, fair and equal basis. Mortgagors must be considered irrespective of race, color, national origin, religion, age, sex, or marital status.

Lenders must originate all mortgage loans in accordance with the loan origination, eligibility, and credit underwriting standards in effect during the origination period according to the applicable loan program. (Refer to the Program Parameters section of this Lender's Manual for more information.)

- ✎ **FHA:** 203(b), 203(b)(2), 234(c), 203(h), and other acceptable FHA loan programs
- ✎ **VA:** Originated and guaranteed in accordance with VA guidelines under 1810 and 181A
- ✎ **USDA-RHS:** Must be originated and guaranteed in accordance with USDA
- ✎ **Fannie Mae Conventional:** Traditional Fannie Mae, Fannie Mae MyCommunityMortgage
- ✎ **Freddie Mac Conventional:** Home Possible 97[®], Home Possible 100[®]

Loan files must be submitted utilizing the applicable guidelines:

- ✎ Countrywide's PLATINUM Seller's Guide
- ✎ This Lender's Manual

(Updated 2/13/08)

Temporary Buy-Downs

Under this program, temporary buy-downs are permitted on all mortgage revenue bond loans, per limits and rules.

Underwriting Guidelines

AUS Underwriting

Countrywide will purchase mortgage revenue bond loans underwritten and approved by Fannie Mae Desktop Underwriter (DU), Freddie Mac Loan Prospector (LP), or Countrywide Loan Underwriting Electronic Systems (CLUES), as applicable.

When DU is used, only loans rated *Approve/Eligible* will qualify for purchasing—without subsequent manual underwriting—with the exception of Fannie Mae MyCommunityMortgage decisions of *EA-I/Eligible* (which requires no loan-level price adjustments). EA-I status is only given through DU (*EA-I/Eligible*); these loans must be run through DU.

With an *Approve/Eligible* decision on Fannie Mae conventional loans up to 95% LTV, DU allows “Reduced MI” and “Lower-Cost MI.” “Lower-Cost MI” requires a loan-level price adjustment, which is not allowed on mortgage revenue bond programs. Therefore, Countrywide CANNOT purchase bond loans with “Lower-Cost MI” coverage. “Reduced MI” coverage is permitted, provided that no loan-level price adjustment is required. For additional information, refer to Fannie Mae’s “Guide to Underwriting with Desktop Underwriter®.”

Bond loans with loan-level price adjustments are not eligible for purchase by Countrywide. In addition, appraisal waivers are not allowed, regardless of AUS findings.

When LP or CLUES is used, only loans rated *Accept* will qualify for purchasing, without subsequent manual underwriting.

Lenders who do not have direct access to DU or LP have the option of using Countrywide’s Loan Origination and Underwriting Technology System (CLOUT). Using CLOUT enables lenders to run loans directly through DU, LP, and CLUES. For information about obtaining CLOUT access, contact Laura Uschok at (800) 669-6065 ext. 5034.

Manual Underwriting

A DU *Approve/Ineligible* decision requires manual underwriting and is acceptable if all required documentation is obtained. A DU *Refer* decision requires manual underwriting that should address the weaknesses cited in the DU report. Likewise, an LP decision of *Refer* or *Caution* requires manual underwriting that should address the issues found in the LP report. Loans that receive a CLUES decision of *Refer* can be downloaded into DU. If DU returns an *Approve/Ineligible* or *Refer* decision, subsequent manual underwriting is necessary.

Manual underwriting is permitted on bond loans; however, lenders must follow Countrywide as well as agency underwriting guidelines, as applicable. (Refer to Section 6.0 of the Seller’s Guide “Underwriting Guidelines.”)

Borrowers with no traditional credit history may take advantage of nontraditional underwriting guidelines. (See Section 6.3 of the Seller’s Guide for nontraditional credit underwriting guidelines.)

Contract Underwriting

Lenders may utilize Countrywide-approved contract underwriting service companies to underwrite mortgage bond loans. Contract underwriting companies must underwrite loans in accordance with Countrywide guidelines. For more information and for a list of acceptable contract underwriting companies, see "Acceptable Contract Underwriting Guidelines," in the PLATINUM Seller's Guide.

Credit Scores

Countrywide requires at least one, and preferably two or three, credit scores for each borrower on every conventional and government loan delivered for purchase. Credit scores must be obtained from major repositories, such as Equifax, Experian®, and TransUnionSM. Each credit score must be clearly attributable to its respective repository.

If a credit score is not available for one or more borrowers, Countrywide may waive the requirement only if sufficient good credit history information is documented using nontraditional mortgage credit.

If credit scores are available but not provided, Countrywide will order a credit report to determine the scores. A fee of \$10.00 per mortgage loan will be assessed to the lender to cover the cost of the credit report. The fee will be deducted automatically at purchase, and will be reflected on the purchase advice.

Title Requirements

Chain of Title Review

The title policy and/or title work must include a minimum six months' history of property ownership from the effective date of the policy or preliminary report. All transfers of title within the last 6-month period must be disclosed and fully investigated to ensure that the transactions are not property flips. Countrywide will perform a chain of title investigation as part of a due diligence review. Additional documentation may be required to explain any discrepancies. If there is insufficient or unavailable information regarding transfers of title, or the property has had a significant increase in value, a field review or other substantiation of value from a Countrywide-approved vendor may be required.

If the six-month history indicates that the property is being sold by a relocation company, Countrywide requires that a copy of the sales contract between the previous owner and the relocation company be included in the loan file submitted for purchase.

(Revised 3/18/08)