

Introduction to FHA Origination

A Simplified Overview
of FHA Loan Origination



Topics of Discussion

- Introduction to FHA
- Fundamentals of Loan Origination
- FHA Loan Limits
- Borrower Eligibility
- Property Eligibility
- Documentation
- Marketing FHA Loans



Benefits of FHA Loans



- Low Investment
- Flexible underwriting
- Assumable
- New High Loan Limits



Basic FHA Terms

- Direct Endorsement
- Base Loan Amount
- Minimum Investment
- Mortgage Insurance Premium - MIP

Frequently Used FHA Loan Programs

- Identified by Section Number – Section of the Act
- Most widely used
 - 203(b)
 - 234(c)

Occupancy

- Owner occupied only *in most case*:



Who is Eligible?



- Individuals only
- Permanent/Non-permanent Resident Aliens

Maximum FHA Insured Properties

- A borrower cannot own more than one HUD-insured property ***unless***:
 - Relocation
 - Increase in family size
 - Splitting jointly-owned property
 - Non-occupying co-borrower

FHA Loan Limitations



Maximum Mortgage Amount - Purchases

- Lesser of statutory limit or LTV limit
- 3.5% Minimum Investment
- Add up front MIP to Mortgage Amount

Statutory Loan Limits

- <https://entp.hud.gov/idapp/html/hicost1.cfm>

Allowable Closing Costs

- Borrower must invest 3.5% (Down payment can come from a gift)
- Standard borrower closing costs
- Seller contribution to 6%

Mortgage Insurance Premium

- Upfront Fee may be financed into loan amount (Currently @ 1.75% of Base Loan Amount)
- Monthly renewal fee added to the monthly PITI
- MIP can be canceled
- A portion may be refundable

Total Mortgage Amount

- Base Loan Amount
- + Upfront MIP
- = Total Loan Amount

Transactions that Affect the Mortgage Amount

- Identity-of-Interest
- Non-occupying co-borrower
- Other

Non-Occupying Co-Borrowers

- Two or more borrowers – one non-occupant
- One Unit Property Only

3-4 Unit Properties

- Must be self-sufficient
- Rental income based on appraiser's estimate
- Projected rent used as gross income
- 3 months PITI reserves required



Borrower Eligibility



Eligibility for Federally-Related Credit

FHA requires three “reports” to ensure borrower eligibility

- HUD Limited Denial of Participation (LDP)
- U.S. General Services Administration’s “List of Parties Excluded from Federal Procurement and Non-Procurement Programs” (GSA List)
- HUD’S Credit Alert Interactive Voice Response System (CAIVRS)

GSA

<http://www.epls.gov/>

The screenshot displays the EPLS (Excluded Parties List System) website. At the top, the text "EPLS" is prominently displayed in a large, blue, serif font, with "Excluded Parties List System" written in a smaller font to its right. Below the header is a banner image featuring four distinct scenes: an American flag, the White House at night, a pair of golden scales of justice, and the entrance of a classical building with columns. The main content area is divided into two sections. On the left is a vertical navigation menu with blue headers and white text, listing various search and information options. On the right is a "Multiple Name Search" form with a blue border, containing several search type dropdown menus and corresponding text input fields for names.

EPLS Excluded Parties List System

Search - Current Exclusions

- > Advanced Search
- > Multiple Names
- > Exact Name and SSN/TIN
- > MyEPLS
- > Recent Updates
- > Browse All Records

View Cause and Treatment Code Descriptions

- > Reciprocal Codes
- > Procurement Codes
- > Nonprocurement Codes

Agency & Acronym Information

- > Agency Contacts
- > Agency Descriptions
- > State/Country Code Descriptions

EPLS Multiple Name Search

Name Search Type Individual (Basic)	First	Last
Name Search Type Individual (Basic)	First	Last
Name Search Type Individual (Basic)	First	Last
Name Search Type Firm, Entity, or Vessel	Name	
Name Search Type Firm, Entity, or Vessel	Name	
Name Search Type Firm, Entity, or Vessel	Name	

Search Reset

LDP

- http://portal.hud.gov/hudportal/HUD?src=/topics/limited_denials_of_participation

Homes & Communities

[Download List](#) | [Help](#) | [Enforcement Center](#) | [Search/index](#)

U.S. Department of Housing and Urban Development

U.S. Department of Housing and Urban Development

Limited Denial of Participation, HUD Funding Disqualifications and Voluntary Abstentions list as of 4/18/2012

To search by name, enter the name or names in the box below.
 Search options for John Smith are "Smith" or "Smith, J" or "Smith, John" or "John".
 Use the keyword or to search for multiple names. For example: "Smith or Jones".

↖

All LDPs
Records Found: 35

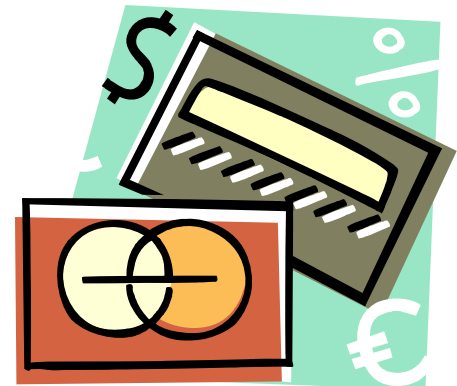
Subject	Affiliate	Address	Scope of Disqualification	Disqualification Start Date	Disqualification End Date	Disqualification List Date	Office	Contact Person	Contact Office Phone	Contact
Centennial Acquisition Corporation		Atlanta, GA	Voluntary Abstention from All HUD Programs;	01/25/2008	01/24/2013	03/10/2008	Atlanta Satellite EC	Allen, Franklin W.	(678) 732-2025	Franklin W. Allen
Centennial Healthcare Management Corporation		Atlanta, GA	Voluntary Abstention from All HUD Programs;	01/25/2008	01/24/2013	03/10/2008	Atlanta Satellite EC	Allen, Franklin W.	(678) 732-2025	Franklin W. Allen
Centennial Service Corporation - Grant Park		Atlanta, GA	Voluntary Abstention from All HUD Programs;	01/25/2008	01/24/2013	03/10/2008	Atlanta Satellite EC	Allen, Franklin W.	(678) 732-2025	Franklin W. Allen

Credit Report

- Three repository merged credit report (TRMCR) or (RMCR) with at least two FICO scores
- A credit report is required for a *non-borrowing spouse* if the borrower lives in or the property is located in a community property state.
- Non-traditional credit is acceptable if borrower has no traditional credit or FICO scores. On exception basis.

Credit Analysis

- Credit History
- Bankruptcies
- Collections HUD is looking into this
- Judgments must be paid
- Foreclosure & Short Sales



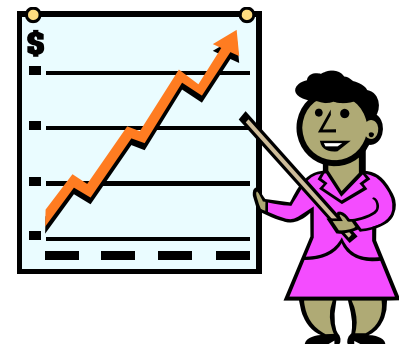
Liabilities

- **Installment and revolving debt**
- **401K payments**
- **Deferred student loans**
- **Alimony**
- **Co-signed obligations**



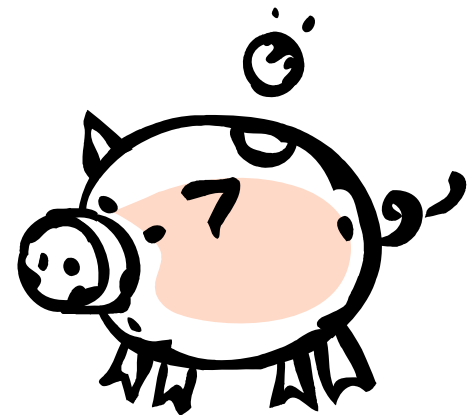
Income Analysis

- Full documentation
- Raises
- Non-taxable “grossed up” 125%



Funds to Close

- Earnest Deposit
- Checking & Savings Accounts
- Gifts allowed
- Other



Gift Funds

- Must be acceptable source
- Gift letter
- Proof of receipt from donor's account



Qualifying the Borrower

- **TOTAL Scorecard**
- AUS vs Manual
- Ratios
- Qualifying Interest Rates

Compensating Factors

- Reserves
- Large Down Payment
- Same Housing Payment



Property Eligibility



Eligible Properties

- 1-4 unit residential properties only
- PUDS
- Condos
- Flipping Rule

Appraisal Requirements

- FNMA appraisal forms used , done by FHA approved appraisers
- Case number follows property
- Appraisal can be no older than 90 days at closing for existing properties

Refinances



Cash-Out Refinances

- Max 85% LTV
- Full Qualifying Credit Packages/Appraisals
- 12 Month Seasoning for First

No Cash Out Refinances

- Full credit qualifying credit package
- Appraisal
- Pay off seasoned Home Equity
- Buy out co-borrower

Streamline Refinances

- Refinance existing FHA mortgages only
- Rate and term only
- LTV=CLTV
- No Income Qualify
- No Credit qualify. Borrower needs 640 FICO and 0 X 30 Mortgage rating

Types of Streamline Refinances

- Streamline with no appraisal
- Streamline with appraisal
- Streamline with credit qualifying

Streamline Without Appraisal

- Owner-Occupied
- Second Home & Non-Owner Occupied
 - The only type of refinance available
 - Maximum base loan amount is the principal balance of the existing loan *only*.
- Up Front MIP is added to the Base Loan Amount to arrive at the Total Loan Amount

Streamline With Appraisal

- Owner-occupied or approved non-profit only
- Max LTV is 97.75%

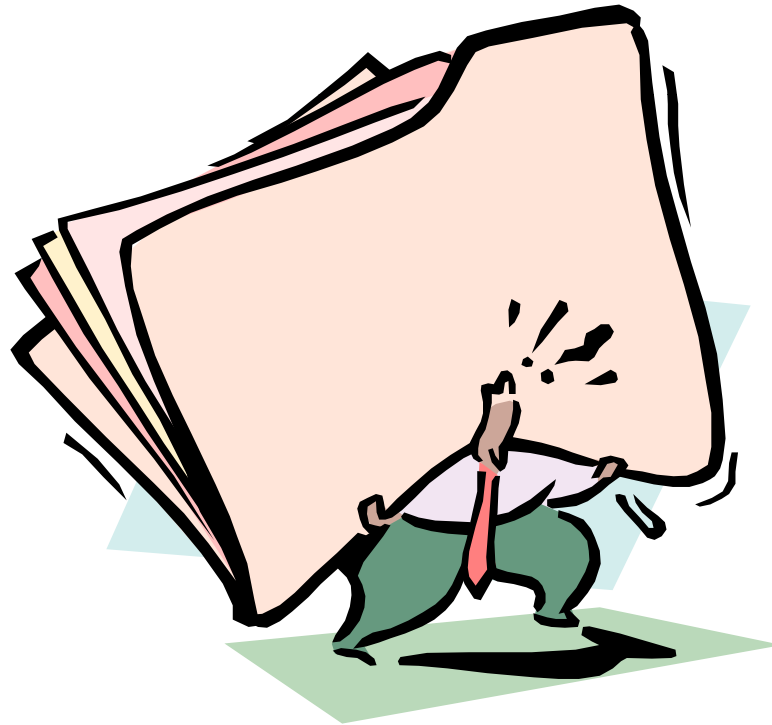
Creating Your FHA Market



Marketing FHA Loans

- First Time Homebuyers
- Borrowers with less than stellar credit
- Borrowers with little to no cash
- Borrowers with high ratios around 55% DTI
- Borrowers with ARM loans

Submission Documentation



FHA Disclosure/Form Requirements

- HUD/VA Addendum to URLA (92900-A)
- Amendatory Clause/Real Estate Certification
- Important Notice to Homebuyers
- Informed Consumer Choice Disclosure Notice
- For Your Protection Get a Home Inspection
- Notice to Homeowner
- Energy Efficient Disclosure
- FHA ARM Disclosure Worse Case Scenario

FHA Resources

All FHA resources listed below may be found on HUD's web site at <http://www.hudclips.org>.

- Handbook 4155.1 Rev. 5 - Credit
- Handbook 4150.2 - Appraisal
- Home Ownership Centers (HOC)
- Mortgagee Letters
- FHA Find Answers

Happy Selling!



FHA Credit Guidelines

- **Alimony:** Because of the tax consequences of alimony payments, it is acceptable to deduct the amount of the monthly alimony payment from the Borrower's income rather than include the payment as a debt in the ratio.
- **Child Support:** Verify the amount of the support to be paid by the Borrower by obtaining a copy of the Support Order. Verify how long the support will remain in payment by documenting the age of the child(ren). Consider child support (and alimony, if desired) as recurring installment of debt. Any payment remaining for 10 months or more must be included in the debt ratio.
- **Contingent Liability:** Contingent liability exists when our Borrower will be held responsible for payment of a debt should another party jointly obligated for the payment default on said payment. Unless the borrower can provide conclusive evidence that there is NO POSSIBILITY that the debt holder will pursue debt collection against him should the other party default, the following rule applies:
 - For both mortgages and other debt, if the borrower remains obligated for the debt payment, and has not been released from payment liability, the Primary Obligor (the other "co-signing" party) must provide satisfactory written documentation that he has been making 100% of the payments, all paid on time, without any lates occurring for at least the past 12 months. (If the other party cannot document timely payment on the account, then the monthly payment must be included in the borrower's debt to ratio).
- **Projected Obligations:** Debt payment(s) that are scheduled to begin repayment within 12 months of the first payment of the mortgage must be considered in the debt ratio. (Example, deferred student loans, balloon payments, etc.). The Lender must enter the expected (or actual, if known) monthly payment, and include in the debt ratio.

FHA Credit Guidelines

- **Collections:** FHA does NOT arbitrarily require that all collections be paid off prior to closing. The reasons for the collections and the way in which the Borrower has dealt with the accounts will be evaluated on a case-by-case basis.
- **Open Judgments:** Both Automated and manual underwriting require that all open judgments be paid in full and released from the land records prior to closing. Proof of the satisfaction of the account(s) must be retained in the loan file.
- **Previous Foreclosure:** Usually a Borrower is not eligible for an FHA mortgage if a previous residence went into foreclosure (or deed in lieu of foreclosure) within the most previous 3 years. The overall risk of the loan and exception will be analyzed based on extenuating circumstances at the time of the foreclosure.
- **Bankruptcy:**
 - **Chapter 7:** Borrower's discharge of bankruptcy should be 2 years or more previous to the loan application and the Borrower should show reestablished credit with all recent credit accounts paid as agreed since the bankruptcy.
 - **Chapter 13:** The Borrower may qualify without the bankruptcy being discharged. The Borrower must show at least 1 year paying as court ordered through the Chapter 13 restructure. The court must approve a new FHA mortgage loan transaction and must provide a copy of the payment printout for the Borrower. Any debts outside the B/K must show no late payments since B/K started.

FHA Income Guidelines

- **Overtime and/or Bonus Income:** Both may be used to qualify. An average of the most recent 2 years (per W-2's) and current YTD gross income must be averaged. The income amount to be used must be the lesser of the current YTD or the 2-year average.
- **Part Time Income From a 2nd Job:** A 2nd job may be used for income if the Borrower shows a 2-year (or more) history of holding down the extra job. An average over the 2 years plus YTD gross must be used to qualify.
- **Commission Income:** This income must be averaged over the most recent 2-year history by analyzing the Borrower's tax returns. Current pay-stubs must also document the fact that commission is being currently received by the Borrower. In addition, when reviewing the tax returns, any un-reimbursed business expenses must be subtracted from the Borrower's income before the 2-year average is computed. See further information in the section regarding self-employed Borrowers.
- **Notes Receivable:** A copy of the note must document the amount and length of payment to be received by the Borrower. Borrower must also provide copies of tax returns or cancelled checks to show receipt of such income for.

FHA Income Guidelines

- **Interest & Dividends:** This income may be used by averaging a 2-year history of income received on the most current tax returns. Any funds for the loan transaction that are derived from the source(s) providing the interest or dividend income must be subtracted before projecting future income from the same sources.
- **VA or Social Security Income:** The government agency providing the income must provide written verification of the payment. The current amount shown on the award statement may be used, but satisfactory proof of a 3-year continuance must be documented.
- **Government Assistance Programs:** Income received from welfare, unemployment, workman's compensation, foster children care, etc. may be used only if the government agency provides satisfactory documentation that the income will continue for at least 3 years. If the income cannot be verified as continuing during the required period, the income may only be considered as a compensating factor for higher ratios than 31/43 standard.
NOTE: To use unemployment income, a 2-year average of receipt must be used to qualify. There must be satisfactory assurance of continuance due to the nature of the job.

FHA Submission Checklist

- **In addition to standard items, the following forms/ disclosures must be included:**

- 92900-LT (Fully completed with FHA case # assigned)
- FHA Case Number Assignment Print-out.
- Initial and Typed URLA (Fully completed)
- HUD Form 92900-A (Page 1 & 2- Fully completed, page 2 must be signed by all borrowers)
- Clear CAIVRS Print-out
- Clear LDP/GSA for all parties (Borrowers, Sellers, Loan Officer, RE Agents) – Print-out
- FHA Disclosures:
 - Informed Consumers Choice. Important Notice to Homebuyer
 - Notice to Homebuyer (assumption), Amendatory Clause & Real Estate Certification
 - For Your Protection: Get a Home Inspection, Energy Efficient Mortgage Disclosure
 - ARM disclosure, if applicable
 - Hotel and Transient (HUD 92561). If applicable.

FHA Streamline Refinance Checklist

- In addition to standard items, the following form/disclosures must be included:
 - Initial & Typed 1003 (Only employment info, No income)
 - Clear LDP/GSA for all parties (Borrowers, Loan Officer) - Print-out
 - Refinance (Netting) Authorization Print-out
 - FHA Case Number Assignment Print-out showing iApprove lending as Lender
 - Proof of Social Security Number (SS Card, Driver's license, etc.)
 - Full Credit Report showing credit scores and satisfactory mortgage rating for the past 12 months
 - Copy of Note and Deed of Trust (To verify Net Tangible Benefits)
 - Mortgage Payment coupon
 - Net Tangible Benefit worksheet
 - **Current** Pay Off Demand
 - 2 months bank statement if cash is required for closing

92900-B

- Important Notice to Homebuyer (HUD 92900-B)
- Page 2 of 2
- Signed & dated by all borrowers
- At application

About Prepayment

This notice is to advise you of the requirements that must be followed to accomplish a prepayment of your mortgage, and to prevent accrual of any interest after the date of prepayment.

You may prepay any or all of the outstanding indebtedness due under your mortgage at any time, without penalty. However, to avoid the accrual of interest on any prepayment, the prepayment must be received on the installment due date (the first day of the month) if the lender stated this policy in its response to a request for a payoff figure.

Otherwise, you may be required to pay interest on the amount prepaid through the end of the month. The lender can refuse to accept prepayment on any date other than the installment due date.

FHA Mortgage Insurance Information

Who may be eligible for a refund?

Premium Refund: You may be eligible for a refund of a portion of the insurance premium if you paid an upfront mortgage insurance premium at settlement and are refinancing with another FHA mortgage.

Review your settlement papers or check with your mortgage company to determine if you paid an upfront premium.

Exceptions:

Assumptions: When a FHA insured loan is assumed the insurance remains in force (the seller receives no refund). The owner(s) of the property at the time the insurance is terminated is entitled to any refund.

Important: The rules governing the eligibility for premium refunds are based on the financial status of the FHA insurance fund and are subject to change.

SI USTED HABLA ESPAÑOL Y TIENE DIFICULTAD LEYENDO O HABLANDO INGLÉS, POR FAVOR LLAME A ESTE NUMERO TELEFONICO 800.697.6967.

You, the borrower(s), must be certain that you understand the transaction. Seek professional advice if you are uncertain.

Acknowledgment: I acknowledge that I have read and received a copy of this notice at the time of loan application. This notice does not constitute a contract or binding agreement. It is designed to provide current HUD/FHA policy regarding refunds.

Signature & Date:



X

Signature & Date:



X

FHA-to-FHA Refinance: When a FHA insured loan is refinanced, the refund from the old premium may be applied toward the upfront premium required for the new loan.

How are Refunds Determined?

The FHA Commissioner determines how much of the upfront premium is refunded when loans are terminated. Refunds are based on the number of months the loan is insured.

Monthly Insurance Premiums

If you paid an upfront mortgage insurance premium, you will also be charged a monthly mortgage insurance premium until the loan-to-value of your mortgage reaches 78 percent of the initial sales price or appraised value of your home, whichever was lower (provided that premiums are paid for at least five years). You will reach the 78 percent loan-to-value threshold in one of two ways: Through normal amortization as you make your monthly payments, or by paying additional principal on the mortgage. Your lender can advise you on when the mortgage will reach the 78 percent loan-to-value threshold. If you were not charged an upfront premium, you will pay the monthly premium for the life of the mortgage.

Signature & Date:



X

Signature & Date:



X

92564-CN

- For Your protection Get A Home Inspection (92564-CN)
- Must be provided to borrower

CAUTION	
<small>U.S. Department of Housing and Urban Development Federal Housing Administration (FHA)</small>	<small>OMB Approval No: 2502-0538 (exp. 07/31/2009)</small>
<h2>For Your Protection: Get a Home Inspection</h2>	
C A U T I O N	<small>LOAN #: 000000001</small>
	Why a Buyer Needs a Home Inspection
	<p>A home inspection gives the buyer more detailed information about the overall condition of the home prior to purchase. In a home inspection, a qualified inspector takes an in-depth, unbiased look at your potential new home to:</p>
	<ul style="list-style-type: none">• Evaluate the physical condition: structure, construction, and mechanical systems;• Identify items that need to be repaired or replaced; and• Estimate the remaining useful life of the major systems, equipment, structure, and finishes.
	Appraisals are Different from Home Inspections
	<p>An appraisal is different from a home inspection. Appraisals are for lenders; home inspections are for buyers. An appraisal is required to:</p>
	<ul style="list-style-type: none">• Estimate the market value of a house;• Make sure that the house meets FHA minimum property standards/requirements; and• Make sure that the house is marketable.
	FHA Does Not Guarantee the Value or Condition of your Potential New Home
	<p>If you find problems with your new home after closing, FHA can not give or lend you money for repairs, and FHA can not buy the home back from you. That is why it is so important for you, the buyer, to get an independent home inspection. Ask a qualified home inspector to inspect your potential new home and give you the information you need to make a wise decision.</p>
	Radon Gas Testing
<p>The United States Environmental Protection Agency and the Surgeon General of the United States have recommended that all houses should be tested for radon. For more information on radon testing, call the National Radon Information Line at 1-800-SOS-Radon or (1-800-767-7236). As with a home inspection, if you decide to test for radon, you may do so before signing your contract, or you may do so after signing the contract as long as your contract states the sale of home depends on your satisfaction with the results of the radon test.</p>	
Be an Informed Buyer	
<p>It is your responsibility to be an informed buyer. Be sure that what you buy is satisfactory in every respect. You have the right to carefully examine your potential new home with a qualified home inspector. You may arrange to do so before signing your contract, or may do so after signing the contract as long as your contract states that the sale of the home depends on the inspection.</p>	
<small>HUD-92564-CN (5/06)</small>	

I Acknowledge receipt of this disclosure.

Johnathan Consumer _____ Date _____ JANE CONSUMER _____ Date _____

_____ Date _____ _____ Date _____

Amendatory Clause Real Estate Certification

- Must be signed & dated by borrower(s), seller(s), and real estate agents
- Must be dated no later than the date on purchase contract

AMENDATORY CLAUSE

"It is expressly agreed that notwithstanding any other provisions of this contract, the purchaser shall not be obligated to complete the purchase of the property described herein or to incur any penalty by forfeiture of earnest money deposits or otherwise unless the purchaser has been given in accordance with HUD/FHA or VA requirements a written statement by the Federal Housing Commissioner, Veterans Administration, or a Direct Endorsement lender setting forth the appraised value of the property of not less than \$_____. The purchaser shall have the privilege and option of proceeding with consummation of the contract without regard to the amount of the appraised valuation. The appraised valuation is arrived at to determine the maximum mortgage the Department of Housing and Urban Development will insure. HUD does not warrant the value nor the condition of the property. The purchaser should satisfy himself/herself that the price and condition of the property are acceptable."

The dollar amount to be inserted in the amendatory clause is the sales price as stated in the contract. If the borrower and seller agree to adjust the sales price in response to an appraised value that is less than the sales price, a new amendatory clause is not required. However, the loan application package must include the original sales contract with the same price as shown on the amendatory clause, along with the revised or amended sales contract.

REAL ESTATE CERTIFICATION

I/We hereby certify all terms stated in the Sales contract by and between _____
(seller)

_____ and _____
(seller) (buyer)

_____ dated _____ on the property located at
(buyer) (date)

_____ are true to the best of my knowledge and
(property address)

belief, and that any other agreement entered into by any of these parties in connection with this transaction is attached to the Sales Agreement.

Buyer Buyer

Seller Seller

Selling Agent Listing Agent

WARNING: Section 1010 of Title 18 U.S.C. "Federal Housing Administration Transaction" provides "whoever, for the purposes of influencing in any way the action of such Administration, makes, passes, utters, or publishes any statement, knowing the same to be false, shall be fined not more than \$5,000.00 or imprisoned not more than two years, or both." Other Federal Statutes provide severe penalties for any fraud or intentional misrepresentation made for the purpose of influencing the issuance of any guaranty or insurance or the making of any loan by the Administrator for Veteran Affairs.

Notice to Homeowner: Assumption of HUD/FHA Insured Mortgages

- Must be signed and dated by all borrowers
- At Application

NOTICE TO HOMEOWNER ASSUMPTION OF HUD / FHA INSURED MORTGAGES RELEASE OF PERSONAL LIABILITY

You are legally obligated to make the monthly payments required by your mortgage (deed of trust) and promissory note.

The Department of Housing and Urban Development (HUD) has acted to keep investors and non-creditworthy purchasers from acquiring one-to-four family residential properties covered by certain FHA-insured mortgages.

There are minor exceptions to the restrictions on investors: Loans to public agencies and some non-profit organizations, Indian tribes or Servicepersons; and loans under special mortgage insurance programs for property sold by HUD, rehabilitation loans or refinancing of insured mortgages.

Your lender can advise you if you are included in one of these exceptions.

HUD will therefore direct the lender to accelerate this FHA-insured mortgage loan if all or part of the property is sold or transferred to a purchaser or recipient, (1) who will not occupy the property as his or her principal residence, or (2) who does occupy the property but whose credit has not been approved in accordance with HUD requirements. This policy will apply except for certain sales or transfers where acceleration is prohibited by law.

When a loan is accelerated, the entire balance is declared "immediately due and payable." Since HUD will not approve the sale of the property covered by this mortgage to an investor or to a person whose credit has not been approved, you, the original homeowner, would remain liable for the mortgage debt even though the title to the property might have been transferred to the new buyer.

Even if you sell your home by letting an approved purchaser (that is, a creditworthy owner-occupant) assume your mortgage, you are still liable for the mortgage debt unless you obtain a release from liability from your mortgage lender. FHA approved lenders have been instructed by HUD to prepare such a release when an original homeowner sells his or her property to a (creditworthy purchaser) who executes an agreement to assume and pay the mortgage debt and thereby agrees to become the substitute mortgagor. The release is contained in Form HUD-92210-1, ("Approval of Purchaser and Release of Seller"). You should ask for it if the mortgage lender does not provide it to you automatically when you sell your home to a (creditworthy owner-occupant purchaser) who executes an agreement to assume personal liability for the debt. When this form is executed, you are no longer liable for the mortgage debt.

You must sign and date this notice as indicated, return one copy to your lender as proof of notification and keep one copy for your records.

Signature of Borrower

Date

Signature of Co-Borrower

Date

INSTRUCTION TO LENDER

A copy of this Notice must be given to the mortgagor on/or before the date of settlement. You should retain a signed copy in the origination file.

FHA ARM Disclosure (Page 1)

- Must be signed and dated by all borrowers (If Applicable)
- At Application

ADJUSTABLE RATE MORTGAGE (ARM) LOAN DISCLOSURES FHA HYBRID ARM DISCLOSURE

This disclosure describes the features of an Adjustable Rate Mortgage (ARM) program you are considering. Information about our other ARM programs will be provided upon request.

HOW YOUR INTEREST RATE AND PAYMENT ARE DETERMINED		
Your interest rate will be based on an index rate plus a margin. Please ask us for our current interest rate and margin. The Index is the weekly average yield on U.S. Treasury Securities adjusted to a constant maturity of one year. Index values are published by the Federal Reserve in Statistical Release H.15, Selected Interest Rates. Your initial interest rate is not based on the index used to make later adjustments. If the initial interest rate is below the sum of the then current index plus margin (the "fully indexed rate"), then the initial interest rate will be a "discounted" interest rate. If the initial interest rate is above the fully indexed rate, then it will be a "premium" interest rate. Please ask us for the amount of our current interest rate discounts and premiums. Your payments will be based on the interest rate, loan balance, and remaining loan term.		
HOW YOUR INTEREST RATE CAN CHANGE		
	FHA 3/1 HYBRID ARM	FHA 5/1 HYBRID ARM
Your interest rate can change:	The first interest rate change will occur no sooner than the January 1, April 1, July 1, or October 1 on or immediately following the date of your 36th monthly payment, and no later than the date of your 42nd monthly payment.	The first interest rate change will occur no sooner than the January 1, April 1, July 1, or October 1 on or immediately following the date of your 60th monthly payment, and no later than the date of your 66th monthly payment.
After the first interest rate change, your interest rate will change annually.		
Each time your interest rate changes, the new interest rate will equal the sum of the index plus the margin, subject to the following limits:	Your interest rate will be rounded to the nearest 1/8%, subject to limitations below. Your interest rate will not increase or decrease by more than 1.0% per adjustment. Your interest rate will not increase by more than 5.0% over the term of the loan. Your interest rate will never be lower than the margin.	
HOW YOUR PAYMENTS CAN CHANGE		
Your payment can change:	Each time the interest rate changes and can increase or decrease substantially based on changes in the interest rate. You will be notified in writing at least 25 days, but no more than 120 days before the due date of a payment at a new level. This notice will contain information about the index, your interest rates, payment amount, and loan balance.	
<i>The examples below illustrate interest rate and payment changes based on a \$10,000, 30-year loan. These examples use an initial interest rate in effect on the first business day of August 2008, and assume the maximum periodic increases in rates and payments at the earliest time permitted under each ARM Program. The maximum amount the interest rate can rise under this program is five percentage points (3.0%).</i>		
	EXAMPLE OF FHA 3/1 HYBRID ARM WITH A DISCOUNTED INTEREST RATE (BELOW SUM OF INDEX AND MARGIN)	EXAMPLE OF FHA 3/1 HYBRID ARM WITH A PREMIUM INTEREST RATE (ABOVE SUM OF INDEX AND MARGIN)
Initial Interest Rate	4.375%	5.500%
Maximum Interest Rate	9.375%	10.500%
Monthly Payment During First Three years	\$49.93	\$56.78
Monthly Payment During Fourth Year	\$55.53	\$62.75
Monthly Payment During Fifth Year	\$61.25	\$68.84
Monthly Payment During Sixth Year	\$67.08	\$75.01
Monthly Payment During Seventh Year	\$72.97	\$81.24
Maximum Monthly Payment	\$78.91 in the 8th year	\$87.51 in the 8th year

FHA ARM DISCLOSURE (PAGE 2)

- Must be signed and dated by all borrowers (If Applicable)
- At Application

	EXAMPLE OF FHA 5/1 HYBRID ARM WITH A DISCOUNTED INTEREST RATE (BELOW SUM OF INDEX AND MARGIN)	EXAMPLE OF FHA 5/1 HYBRID ARM WITH A PREMIUM INTEREST RATE (ABOVE SUM OF INDEX AND MARGIN)
Initial Interest Rate	4.375%	5.500%
Maximum Interest Rate	9.375%	10.500%
Monthly Payment During First Five years	\$49.93	\$56.78
Monthly Payment During Sixth Year	\$55.19	\$62.43
Monthly Payment During Seventh Year	\$60.56	\$68.16
Monthly Payment During Eighth Year	\$65.99	\$73.96
Monthly Payment During Ninth Year	\$71.46	\$79.78
Maximum Monthly Payment	\$76.96 in the 10th year	\$85.62 in the 10th year
<small>NOTE: To see what your payment would be, divide your mortgage amount by \$10,000, then multiply the monthly payment by that amount. (For example, the monthly payment for a \$60,000 FHA 5/1 Hybrid ARM loan with a premium interest rate would be: \$60,000 / \$10,000 = 6; 6 x \$56.78 = \$340.68 per month.)</small>		

BORROWER - - DATE

BORROWER - - DATE

BORROWER - - DATE

BORROWER - - DATE

INITIAL Addendum to URLA 92900-A (PAGE 1)

- Must be fully completed except for Box 14 & 16
- At Application
- Not required to be signed by broker (TPO) - Signed by iApprove Lending
- **Box # 13:** Use iApprove Lending Lender ID, always use 2474400006
- **Box # 15:** iApprove Lending Lending 555 Anton Blvd #150 Costa Mesa, CA 92626
- **Box # 17:** iApprove Lending Phone # (714)775-5353

HUD/VA Addendum to Uniform Residential Loan Application

OMB Approval No. VA: 2500-0144
HUD: 2502-0089 (exp 11/30/2010)

Part I - Identifying Information (mark the type of application)

1. VA Application for Name Loan Guaranty HUD/FHA Application for Insurance under the National Housing Act

2. Agency Case No. (include any suffix)

3. Lender's Case No.

4. Section of the Act (for HUD cases)

5. Borrower's Name & Present Address (include zip code)

6. Property Address (including name of subdivision, lot & block no. & zip code)

7. Loan Amount (include the URPID if for HUD or Funding Fee if for VA)

8. Interest Rate %

9. Prepaid Maturity

10. Discount Amount (only if borrower is permitted to pay)

11. Amount of Up Front Premium

12a. Amount of Monthly Premium

12b. Term of Monthly Premium

13. Lender's I.D. Code

14. Sponsor / Agent I.D. Code

15. Lender's Name & Address (include zip code)

16. Name & Address of Sponsor / Agent

17. Lender's Telephone Number

Type or Print all entries clearly

VA: The veteran and the lender hereby apply to the Secretary of Veterans Affairs for Guaranty of the loan described here under Section 3710, Chapter 37, Title 38, United States Code, to the full extent permitted by the veteran's entitlement and severally agree that the Regulations promulgated pursuant to Chapter 37, and in effect on the date of the loan, shall govern the rights, duties, and liabilities of the parties.

18. First Time Homebuyer? Yes No

19. VA Only Title will be Vested in:

Veteran Veteran & Spouse Other (specify)

20. Purpose of Loan (check 9-12 are for VA loans only)

1) Purchase Existing Home Previously Occupied

2) Finance Improvements to Existing Property

3) Refinance (Ref.)

4) Purchase New Condo Unit

5) Purchase Existing Condo Unit

6) Purchase Existing Home Not Previously Occupied

7) Construct Home (precedes to be paid out during construction)

8) Finance Co-op Purchase

9) Purchase Permanently Sited Manufactured Home

10) Purchase Permanently Sited Manufactured Home & Lot

11) Ref. Permanently Sited Manufactured Home to Buy Lot

12) Ref. Permanently Sited Manufactured Home/Lot Loan

Part II - Lender's Certification

21. The undersigned lender makes the following certifications to induce the Department of Veterans Affairs to issue a certificate of commitment to guarantee the subject loan or a Loan Guaranty Certificate under Title 38, U.S. Code, or to induce the Department of Housing and Urban Development - Federal Housing Commissioner to issue a firm commitment for mortgage insurance or a Mortgage Insurance Certificate under the National Housing Act.

A. The loan terms furnished in the Uniform Residential Loan Application and this Addendum are true, accurate and complete.

B. The information contained in the Uniform Residential Loan Application and this Addendum was obtained directly from the borrower by an employee of the undersigned lender or its duly authorized agent and is true to the best of the lender's knowledge and belief.

C. The credit report submitted on the subject borrower (and co-borrower, if any) was ordered by the undersigned lender or its duly authorized agent directly from the credit bureau which prepared the report and was received directly from said credit bureau.

D. The verification of employment and verification of deposits were requested and received by the lender or its duly authorized agent without passing through the hands of any third persons and are true to the best of the lender's knowledge and belief.

E. The names and functions of any duly authorized agents who developed on behalf of the lender any of the information or supporting credit data submitted are as follows:
Name & Address _____
Function (e.g., obtained information on the Uniform Residential Loan Application, ordered credit report, verifications of employment, deposits, etc.) _____

If no agent is shown above, the undersigned lender affirmatively certifies that all information and supporting credit data were obtained directly by the lender.

F. The undersigned lender understands and agrees that it is responsible for the omissions, errors, or acts of agents identified in item 21 as to the functions with which they are identified.

G. The proposed loan conforms otherwise with the applicable provisions of Title 38, U.S. Code, and of the regulations concerning guaranty or insurance of loans to veterans.

H. The proposed loan conforms with the applicable provisions of Title 38, U.S. Code, and of the regulations concerning guaranty or insurance of loans to veterans.

Signature of Officer/Lender _____ Title of Officer/Lender _____ Date (mm/dd/yyyy) _____

Part III - Notices to Borrowers. Public reporting burden for this collection of information is estimated to average 6 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. Send comments regarding this burden estimate or any aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Service, Paperwork Project (0192-0008), Washington, DC 20543-0002. The information requested on the Uniform Residential Loan Application and this Addendum is authorized by 38 U.S.C. 3710 (f) for DVA and 12 U.S.C. 1701 et seq. (for HUD/FHA). The Data Collection Act of 1982, Pub. Law 97-365, and HUD's Housing and Community Development Act of 1987, 42 U.S.C. 3545, require persons applying for a federally insured or guaranteed loan to furnish their social security number (SSN). HUD and/or VA may conduct a computer match to verify the information you provide. HUD and/or VA may disclose certain information to Federal, State and local agencies when relevant to civil, criminal, or regulatory investigations and prosecutions. It will not otherwise be disclosed or released outside of HUD or VA, except as required and permitted by law. The information will be used to determine whether you qualify as a mortgagee. Any disclosure of information outside VA or HUD/FHA will be made only as permitted by law. Failure to provide any of the requested information, including SSN, may

page 1 form HUD-92900-A (06/2006)
VA Form 25-1802a

INITIAL Addendum to URLA 92900-A (PAGE 2)

- Must be fully completed
- Check appropriate boxes
- At Application
- Must be signed and dated by borrower(s) both places

result in disapproval of your loan application. This notice to you as required by the Right to Financial Privacy Act of 1976 that VA or HUD/FHA has a right of access to financial records held by financial institutions in connection with the consideration or administration of assistance to you. Financial records involving your transaction will be available to VA and HUD/FHA without further notice or authorization but will not be disclosed or released by this institution to another Government Agency or Department without your consent except as required or permitted by law. Caution: Delinquencies, defaults, foreclosures and abuses of mortgage loans involving programs of the Federal Government can be costly and detrimental to your credit, now and in the future. The lender in this transaction, its agents and assigns as well as the Federal Government, its agencies, agents and assigns, are authorized to take any and all of the following actions in the event loan payments become delinquent on the mortgage loan described in the attached application: (1) Report your name and account information to a credit bureau; (2) Assess additional interest and penalty charges for the period of time that payment is not made; (3) Assess charges to cover additional administrative costs incurred by the Government to service your account; (4) Offset amounts owed to you under other Federal programs; (5) Refer your account to a private attorney, collection agency or mortgage servicing agency to collect the amount due; foreclose the mortgage, sell the property and seek judgment against you for any deficiency; (6) Refer your account to the Department of Justice for litigation in the courts; (7) If you are a current or former Federal employee, take action to offset your salary or civil service retirement benefits; (8) Refer your debt to the Internal Revenue Service for offset against any amount owed to you as an income tax refund; and (9) Report any resulting written-off debt of yours to the Internal Revenue Service as your taxable income. All of these actions can and will be used to recover any debts owed when it is determined to be in the interest of the lender under the Federal Government to do so.

Part IV - Borrower Consent for Social Security Administration to Verify Social Security Number

I authorize the Social Security Administration to verify my Social Security number to the Lender identified in this document and HUD/FHA, through a computer match conducted by HUD/FHA. I understand that my consent allows no additional information from my Social Security records to be provided to the Lender, and HUD/FHA and that verification of my Social Security number does not constitute confirmation of my identity. I also understand that my Social Security number may not be used for any other purpose than the one stated above, including resale or redisclosure to other parties. The only other redisclosure permitted by this authorization is for review purposes to ensure that HUD/FHA complies with SSA's consent requirements. I am the individual to whom the Social Security number was issued or that person's legal guardian. I declare and affirm under the penalty of perjury that the information contained herein is true and correct. I know that if I make any representation that I know is false to obtain information from Social Security records, I could be punished by a fine or imprisonment or both. This consent is valid for 180 days from the date signed, unless indicated otherwise by the individual(s) named in this loan application. Read consent carefully. Review accuracy of social security number(s) and birth dates provided on this application.

Signature(s) of Borrower(s) _____ Date Signed _____ Signature(s) of Co - Borrower(s) _____ Date Signed _____

Part V - Borrower Certification

22. Complete the following for a HUD/FHA Mortgage .

22a. Do you own or have you sold other real estate within the past 60 months on which there was a HUD/FHA mortgage?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Is it to be sold? <input type="checkbox"/> Yes <input type="checkbox"/> No	22b. Sales Price \$ _____	22c. Original Mortgage Amt \$ _____
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22a. Address _____

22a. If the dwelling to be covered by this mortgage is to be rented, is it a part of, adjacent or contiguous to any project, subdivision or group of concentrated rental properties involving eight or more dwelling units in which you have any financial interest? Yes No If "Yes" give details.

22c. Do you own more than four dwellings? Yes No If "Yes" submit form HUD-92561.

23. Complete for VA-Guaranteed Mortgage. Have you ever had a VA home Loan? Yes No

24. Applicable for Both VA & HUD. As a home loan borrower, you will be legally obligated to make the mortgage payments called for by your mortgage loan contract. The fact that you dispose of your property after the loan has been made will not relieve you of liability for making these payments. Payment of the loan in full is ordinarily the way liability on a mortgage note is ended. Some home buyers have the mistaken impression that if they sell their homes when they move to another locality, or dispose of it for any other reasons, they are no longer liable for the mortgage payments and that liability for these payments is solely that of the new owners. Even though the new owners may agree in writing to assume liability for your mortgage payments, this assumption agreement will not relieve you from liability to the holder of the note which you signed when you obtained the loan to buy the property. Unless you are able to sell the property to a buyer who is acceptable to VA or to HUD/FHA and who will assume the payment of your obligation to the lender, you will not be relieved from liability to repay any claim which VA or HUD/FHA may be required to pay your lender on account of default in your loan payments. The amount of any such claim payment will be a debt owed by you to the Federal Government. This debt will be the object of established collection procedures.

25. I, the undersigned Borrower(s) Certify that:

(1) I have read and understand the foregoing concerning my liability on the loan and Part III Notices to Borrowers.

(2) Occupancy: (for VA only -- mark the applicable box)

(a) I now actually occupy the above-described property as my home or intend to move into and occupy said property as my home within a reasonable period of time or intend to reoccupy it after the completion of major alterations, repairs or improvements.

(b) My spouse is on active military duty and in his or her absence, I occupy or intend to occupy the property securing this loan as my home.

(c) I previously occupied the property securing this loan as my home. (for interest rate reductions)

(d) While my spouse was on active military duty and unable to occupy the property securing this loan, I previously occupied the property that is securing this loan as my home. (for interest rate reduction loans)

Note: If box 2b or 2d is checked, the veteran's spouse must also sign below.

(3) Mark the applicable box (not applicable for Home Improvement or Refinancing Loan) _____

the reasonable value of the property as determined by VA or;

the statement of appraised value as determined by HUD / FHA.

Note: If the contract price or cost exceeds the VA "Reasonable Value" or HUD/FHA "Statement of Appraised Value", mark either item (a) or item (b), whichever is applicable.

(a) I was aware of this valuation when I signed my contract and I have paid or will pay in cash from my own resources at or prior to loan closing a sum equal to the difference between the contract purchase price or cost and the VA or HUD/FHA established value. I do not and will not have outstanding after loan closing any unpaid contractual obligation on account of such cash payment.

(b) I was not aware of this valuation when I signed my contract but have elected to complete the transaction at the contract purchase price or cost. I have paid or will pay in cash from my own resources at or prior to loan closing a sum equal to the difference between contract purchase price or cost and the VA or HUD/FHA established value. I do not and will not have outstanding after loan closing any unpaid contractual obligation on account of such cash payment.

(4) Neither I, nor anyone authorized to act for me, will refuse to sell or rent, after the making of a bona fide offer, or refuse to negotiate for the sale or rental of, or otherwise make unavailable or deny the dwelling or property covered by this loan to any person because of race, color, religion, sex, handicap, familial status or national origin. I recognize that any restrictive covenant on this property relating to race, color, religion, sex, handicap, familial status or national origin is illegal and void and civil action for preventive relief may be brought by the Attorney General of the United States in any appropriate U.S. District Court against any person responsible for the violation of the applicable law.

(5) All information in this application is given for the purpose of obtaining a loan to be insured under the National Housing Act or guaranteed by the Department of Veterans Affairs and the information in the Uniform Residential Loan Application and this Addendum is true and complete to the best of my knowledge and belief. Verification may be obtained from any source named herein.

(6) For HUD Only (for properties constructed prior to 1978) I have received information on lead paint poisoning. Yes Not Applicable

(7) I am aware that neither HUD / FHA nor VA warrants the condition or value of the property

Signature(s) of Borrower(s) _____ Date Signed _____ Signature(s) of Co - Borrower(s) _____ Date Signed _____

FINAL Addendum to URLA 92900-A (PAGE 2)

- Must be fully completed
- Check appropriate boxes
- Must be signed and dated by borrower(s) both places closing with Docs

result in disapproval of your loan application. This is notice to you as required by the Right to Financial Privacy Act of 1976 that VA or HUD/FHA has a right of access to financial records held by financial institutions in connection with the consideration or extension of assistance to you. Financial records involving you may be available to VA and HUD/FHA without further notice or authorization but will not be disclosed or released by this institution to another Government Agency or Department without your consent except as required or permitted by law. Caution: Delinquencies, defaults, foreclosures and abuses of mortgage loans involving programs of the Federal Government can be costly and detrimental to you and in the future. The lender in this transaction, its agents and assigns as well as the Federal Government, its agencies, agents and assigns, are authorized to take any and all of the following actions in the event loan payments become delinquent on the mortgage loan described in the attached application: (1) Report your name and account information to a credit bureau; (2) Assess additional interest and penalty charges for the period of time that payment is not made; (3) Assess charges to cover additional administrative costs incurred by the Government to service your account; (4) Offset amounts owed to you under other Federal programs; (5) Refer your account to a private attorney, collection agency or mortgage servicing agency to collect the amount due, foreclose the mortgage, sell the property and seek judgment against you for a deficiency; (6) Refer your account to the Department of Justice for litigation in the courts; (7) If you are a current covered Federal employee, take action to offset your salary, or civil service retirement benefits; (8) Refer your debt to the Internal Revenue Service for offset against any amount owed to you as an income tax refund; and (9) Report any resulting written-off debt of yours to the Internal Revenue Service as your taxable income. All of these actions can and will be used to recover any debts owed when it is determined to be in the interest of the lender and/or the Federal Government to do so.

Part IV - Borrower Consent for Social Security Administration to Verify Social Security Number

I authorize the Social Security Administration to verify my Social Security number to the Lender identified in this document and HUD/FHA, through a computer match conducted by HUD/FHA. I understand that my consent allows no additional information from my Social Security records to be provided to the Lender, and HUD/FHA and that verification of my Social Security number does not constitute confirmation of my identity. I also understand that my Social Security number may not be used for any other purpose than the one stated above, including resale or redisclosure to other parties. The only other redisclosure permitted by this authorization is for review purposes to ensure that HUD/FHA complies with SSA's consent requirements. I am the individual to whom the Social Security number was issued or that person's legal guardian. I declare and affirm under the penalty of perjury that the information contained herein is true and correct. I know that if I make any representation that I know is false to obtain information from Social Security records, I could be punished by a fine or imprisonment or both.

This consent is valid for 180 days from the date signed, unless indicated otherwise by the individual(s) named in this loan application.

Read consent carefully. Review accuracy of social security number(s) and birth dates provided on this application.

Signature(s) of Borrower(s)	Date Signed	Signature(s) of Co - Borrower(s)	Date Signed
_____	___/___/___	_____	___/___/___

Part V - Borrower Certification

21. Complete the following for a HUD/FHA Mortgage .
 21a. Do you own or have you sold other real estate within the Yes No Yes No Is it to be sold? Yes No Sales Price \$ Yes No Original Mortgage Amt \$
 past 60 months on which there was a HUD/FHA mortgage?

21b. Address _____
 22a. If the dwelling to be covered by this mortgage is to be rented, is it a part of, adjacent or contiguous to any project subdivision or group of concentrated rental properties involving eight or more dwelling units in which you have any financial interest? Yes No If "Yes" give details.

22b. Do you own more than four dwellings? Yes No If "Yes" submit form HUD-92551.

23. Complete for VA-Guaranteed Mortgage . Have you ever had a VA home loan? Yes No

24. Applicable for Both VA & HUD. As a home loan borrower, you will be legally obligated to make the mortgage payments called for by your mortgage loan contract. The fact that you dispose of your property after the loan has been made will not relieve you of liability for making these payments. Payment of the loan in full is ordinarily the way liability on a mortgage note is ended. Some home buyers have the mistaken impression that if they sell their homes when they move to another locality, or dispose of it for any other reason, they are no longer liable for the mortgage payments and that liability for these payments is solely that of the new owners. Even though the new owners may agree in writing to assume liability for your mortgage payments, this assumption agreement will not relieve you from liability to the holder of the note which you signed when you obtained the loan to buy the property. Unless you are able to sell the property, unless you are acceptable to VA or HUD/FHA and who will assume the payment of your obligation to the lender, you will not be relieved from liability to repay any claim which VA or HUD/FHA may be required to pay your lender on account of default in your loan payments. The amount of any such claim payment will be a debt owed by you to the Federal Government. This debt will be the object of established collection procedures.

25. I, the Undersigned Borrower(s) Certify that:

(1) I have read and understand the foregoing concerning my liability on the loan and Part III notices to Borrowers.

(2) Occupancy: (for VA only -- mark the applicable box)

(a) I now actually occupy the above-described property as my home or intend to move into and occupy said property as my home within a reasonable period of time or intend to reoccupy it after the completion of major alterations, repairs or improvements.

(b) My spouse is on active military duty and in his or her absence, I occupy or intend to occupy the property securing this loan as my home.

(c) I previously occupied the property securing this loan as my home. (for interest rate reductions)

(d) While my spouse was on active military duty and unable to occupy the property securing this loan, I previously occupied the property that is securing this loan as my home. (for interest rate reduction loans)

Note: If box 2b or 2d is checked, the veteran's spouse must also sign below.
 (3) Mark the applicable box (not applicable for Home Improvement or Refinancing Loans) I have been informed that: \$ _____ is:

the reasonable value of the property as determined by VA or the statement of appraised value as determined by HUD/FHA.
 Note: If the contract price or cost exceeds the VA "Reasonable Value" or HUD/FHA "Statement of Appraised Value", mark either item (a) or item (b), whichever is applicable.

(a) I was aware of this valuation when I signed my contract and I have paid or will pay in cash from my own resources at or prior to loan closing a sum equal to the difference between the contract purchase price or cost and the VA or HUD/FHA established value. I do not and will not have outstanding after loan closing any unpaid contractual obligation on account of such cash payment.

(b) I was not aware of this valuation when I signed my contract but have elected to complete the transaction at the contract purchase price or cost. I have paid or will pay in cash from my own resources at or prior to loan closing a sum equal to the difference between contract purchase price or cost and the VA or HUD/FHA established value. I do not and will not have outstanding after loan closing any unpaid contractual obligation on account of such cash payment.

(4) Neither I, nor anyone authorized to act for me, will refuse to sell or rent, after the making of a bona fide offer, or refuse to negotiate for the sale or rental of, or otherwise make unavailable or deny the dwelling or property covered by his/her loan to any person because of race, color, religion, sex, handicap, familial status or national origin. I recognize that any restrictive covenant on this property relating to race, color, religion, sex, handicap, familial status or national origin is illegal and void and civil action for preventive relief may be brought by the Attorney General of the United States in any appropriate U.S. District Court against any person responsible for the violation of the applicable law.

(5) All information in this application is given for the purpose of obtaining a loan to be insured under the National Housing Act or guaranteed by the Department of Veterans Affairs and the information in the Uniform Residential Loan Application and this Addendum is true and complete to the best of my knowledge and belief. Verification may be obtained from any source named herein.

(6) For HUD Only: (for properties constructed prior to 1978) I have received information on lead paint poisoning. Yes Not Applicable

(7) I am aware that neither HUD/FHA nor VA warrants the condition or value of the property

Signature(s) of Borrower(s) -- Do not sign unless this application is fully completed. Read the certifications carefully & review accuracy of this application.	Date Signed	Signature(s) of Co - Borrower(s)	Date Signed
_____	___/___/___	_____	___/___/___

(Borrowers Must Sign Both Parts IV & V. Federal statutes provide severe penalties for any fraud, intentional misrepresentation, or criminal conviction or conspiracy purposed to influence the issuance of any guaranty or insurance by the VA Secretary or the HUD/FHA Commissioner.

FINAL Addendum to URLA 92900-A (PAGE 3)

- Will be completed, signed and dated by iApprove Lending DE Underwriter
- Reminder: 09/2010 Version must be used for all loans.

Direct Endorsement Approval for a HUD/FHA-Insured Mortgage U.S. Department of Housing and Urban Development

Part I - Identifying Information (mark the type of application)

1. <input type="checkbox"/> HUD/FHA Application for Insurance under the National Housing Act	2. Agency Case No. (include any suffix)	3. Lender's Case No.	4. Section of the Act (for HUD cases)
--	---	----------------------	---------------------------------------

5. Borrowers Name & Present Address (include zip code)	7. Loan Amount (include the UFIMP) \$	8. Interest Rate %	9. Proposed Maturity yes. mos.
6. Property Address (including name of subdivision, lot & block no. & zip code)	10. Discount Amount (only if borrower is permitted to pay) \$	11. Amount of Up Front Premium \$	12a. Amount of Monthly Premium \$ / mo. 12b. Term of Monthly Premium months
13. Lenders Name & Address (include zip code)	14. Sponsor / Agent I.D. Code		
15. Name & Address of Sponsor / Agent	17. Lender's Telephone Number		

Type or Print all entries clearly

Approved: Approved subject to the additional conditions stated below, if any.
Date Mortgage Approved _____ Date Approval Expires _____

Modified & Approved as follows:

Loan Amount (include UFIMP)	Interest Rate	Proposed Maturity	Monthly Payment	Amount of Up Front Premium	Amount of Monthly Premium	Term of Monthly Premium
\$	%	Yrs. Mos	\$	\$	\$	months

Additional Conditions:

If this is proposed construction, the builder has certified compliance with HUD requirements on form HUD-92541.

If this is new construction, the lender certifies that the property is 100% complete (both on site and off site improvements) and the property meets HUD's minimum property standards and local building codes.

Form HUD-92544, Builder's Warranty is required.

The property has a 10-year warranty.

Owner-Occupancy Not required (item (b) of the Borrower's Certificate does not apply).

The mortgage is a high loan-to-value ratio for non-occupant mortgagee or in military.

Other: (specify) _____

This mortgage was rated as an "accept" or "approve" by FHA's Total Mortgage Scorecard. As such, the undersigned representative of the mortgagee certifies to the integrity of the data supplied by the lender used to determine the quality of the loan, that a Direct Endorsement Underwriter reviewed the appraisal (if applicable) and further certifies that this mortgage is eligible for HUD mortgage insurance under the Direct Endorsement program. I hereby make all certifications required for this mortgage as set forth in HUD Handbook 4000.4
Mortgagee Representative _____

This mortgage was rated as a "refer" by a FHA's Total Mortgage Scorecard, and/or was manually underwritten by a Direct Endorsement underwriter. As such, the undersigned Direct Endorsement underwriter certifies that I have personally reviewed the appraisal report (if applicable), credit application, and all associated documents and have used due diligence in underwriting this mortgage. I find that this mortgage is eligible for HUD mortgage insurance under the Direct Endorsement program and I hereby make all certifications required for this mortgage as set forth in HUD Handbook 4000.4
Direct Endorsement Underwriter _____ DE's CHUMS ID Number _____

The Mortgagee, its owners, officers, employees or directors do do not have a financial interest in or a relationship, by affiliation or ownership, with the builder or seller involved in this transaction.

FHA Loan Underwriting and Transmitted Summary (92900-LT)

- Must be fully completed by broker (TPO)
- Form will be corrected as needed, signed & dated by iApprove Lending DE underwriter

U.S. Department of Housing and Urban Development
Office of Housing Federal Housing Commissioner

CEM Approval No. 2502 - 0059
expires (02/28/04)

FHA Loan Underwriting and Transmitted Summary
See back of page for Public Burden and Sensitive Information statements
Borrower and Property Information FHA Case No. _____ SOA _____

Borrower Name _____ SSN _____
Co-Borrower Name _____ SSN _____
Property Address _____

Property Type (Check only 1)
 1 unit 2 units 3 - 4 units
 Condominium Co-op
 Manufactured Housing

Additional Property Information
 Sales Price \$ _____
 Appraised Value \$ _____

Property Rights
 Fee Simple
 Leasehold

Construction
 Existing
 Proposed
 New (less than 1 year)

Amortization Type (Check only 1)
 Fixed-Rate-Monthly Payments
 ARM 1 3 5 7 or 10 yr
 ARM Index _____
 ARM Margin _____
 Int. Rate Buydown

Loan Purpose (Check all that apply)
 Purchase
 No Cash-Out Refinance
 Cash-Out Refinance
 Streamline Refinance
 w/appraisal
 w/o appraisal

Secondary Financing
 Source/EIN Gov't NP Family
 Other
 Amount of Secondary Financing \$ _____
 Seller Funded DAP Y/N

Loan Information
 Mortgage w/o UFMP \$ _____
 Total UFMP \$ _____
 Mortgage w/ UFMP \$ _____
 Interest Rate _____ %
 Qualifying Rate (1 Yr. ARM) _____ %
 Loan Term (in months) _____

Gifts
 1.) Source/EIN Gov't NP Family
 Other
 Amount of Gift \$ _____
 2.) Source/EIN Gov't NP Family
 Other
 Amount of Gift \$ _____

Underwriting Information

<u>Monthly Income</u>			<u>Proposed Monthly Payments</u>		
	<u>Borrower</u>	<u>Co-Borrower</u>	<u>Total</u>	<u>Borrower's Primary Residence</u>	
Base Income	\$ _____	\$ _____	\$ _____	First Mortgage P&I	\$ _____
Other Income	\$ _____	\$ _____	\$ _____	Monthly MIP	\$ _____
Net Rental Income	\$ _____	\$ _____	\$ _____	HOA Fees	\$ _____
Total Income	\$ _____	\$ _____	\$ _____	Lease/Ground Rent	\$ _____
				Second Mortgage P&I	\$ _____
				Hazard Insurance	\$ _____
				Taxes & Special Assessments	\$ _____
				Total Mortgage Payment	\$ _____

<u>Debts & Obligations</u>	<u>Monthly</u>	<u>Unpaid Balance</u>	<u>Qualifying Ratios</u>
Total Installment debt	_____	_____	LTV _____ %
Child Support	_____	_____	CLTV (if 2nd permitted) _____ %
Negative Rental Cash Flow	_____	_____	Mortgage Payment-to-Income _____ %
All other monthly payments	_____	_____	Total Fixed Payment-to-Income _____ %
Total Fixed Payment	_____	_____	

Borrower Funds to Close
 Required \$ _____
 Verified Assets \$ _____
 Closing Costs \$ _____
 Source of Funds _____
 No. of Months in Reserves _____
 Seller Contribution _____ %

CAIVRS # _____
 LDP/GSA yes no N/A

Underwriter Comments

Underwriter's signature & date (if required) _____ CHUMS ID # _____

X

Risk Assessment
 Scored by TOTAL? yes no Risk Class A/A or Refer
 CHUMS ID # for Reviewer of appraisal _____
 (Required for loans scored by TOTAL with risk class AA or loans where the appraisal and credit reviews are performed by different underwriters.)

FHA Case # Request

- Complete iApprove Lending Case Request form (Will be available online soon)
- Email fully completed Case Request form with fully completed 1003 to newloan@iapprovelending.com
- Fully executed sales contract must be included (purchase)
- CAIVRS will be processed with Case Number Assignment via FHAC.
- Refinance Authorization will be processed with Case Number Assignment via FHAC
- Case # assignment, CAIVRS and Refinance (Netting) Authorization will be emailed to you upon receipt



Print Form

FHA Case Number Request Form

Account Executive _____

Today's Date: _____

Your Name: _____

Your Phone #: _____

To request an FHA Case Number, complete this form in its entirety and email it to newloan@iapprovelending.com. Bay Equity will validate the information provided and submit to FHA Connection. Once a Case Number is assigned, Bay Equity will reply to the original requestor's email with the Case Number assignment and CAIVRS.

Broker Information

Broker Company Name _____	Processor Name _____
Broker Co. ID # _____	Processor Email _____
Broker Tax ID # / EIN _____	LO Name _____
LO NMLS # _____	LO Email _____

Subject Property Address

Address _____ City _____ State _____ Zip _____

Applicant Information

Borrower Name _____	Soc. Sec. # _____	D.O.B. _____
Co-Brwr Name _____	Soc. Sec. # _____	D.O.B. _____
Co-Brwr Name _____	Soc. Sec. # _____	D.O.B. _____
Co-Brwr Name _____	Soc. Sec. # _____	D.O.B. _____

Transaction Type	General Information	Property Type
<input type="checkbox"/> Purchase* <small>*if purchasing FHA REO, prior Case # required -></small> <input type="checkbox"/> Rate & Term <input type="checkbox"/> Cash Out <input type="checkbox"/> Streamline <hr/> Occupancy <input type="checkbox"/> Primary <input type="checkbox"/> Investment	Loan #: _____ Prior FHA Case #: _____ Financing Type: <input type="checkbox"/> Fixed <input type="checkbox"/> ARM New Construction: <input type="checkbox"/> Yes <input type="checkbox"/> No <small>(less than 12 mos)</small> Year Built: _____ <small>(If less than 2 yrs, will need month & yr)</small> Estimated COE: _____	Single Unit <input type="checkbox"/> SFR <input type="checkbox"/> PUD <input type="checkbox"/> Condo* *Condo ID: _____ https://ertp.hud.gov/eoapp/html/condlook.cfm Multi-Unit <input type="checkbox"/> 2 units <input type="checkbox"/> 3 units <input type="checkbox"/> 4 units