

United General Mortgage Corporation

United General Mortgage Corporation  
Private Money  
Underwriting Guides

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## Section 2: General Guidelines

<b>Geographic Restrictions</b>	None.
<b>General</b>	All underwriting criteria given in this manual is the minimum criteria necessary for qualification.
<b>Loan Terms</b>	Maximum loan term is 30 years (360 months).
<b>Lien Position</b>	UGMC is limited to first liens only.
<b>Pre Payment Penalty</b>	UGMC may require a prepayment penalty clause that is subject to state restrictions.
<b>Applicant Eligibility</b>	<ul style="list-style-type: none"> <li>• Borrowers must be U.S. residents or be permanent resident aliens. Non-permanent aliens will not be allowed. <ul style="list-style-type: none"> <li>○ A processor's certification is required to verify review of the acceptable documentation which evidences that the borrower is a lawful permanent resident of the United States</li> <li>○ Files must contain copies of their identification</li> </ul> </li> <li>• All applicants must be legal age (or legally emancipated)</li> <li>• Borrowers with diplomatic immunity are considered as ineligible</li> <li>• Borrower must be employed in the U.S.</li> <li>• Borrower must meet a minimum disposable income requirement.</li> <li>• All persons listed as vested owners on the title report must sign the Mortgage/Deed of Trust and all other required documentation.</li> <li>• Employees of third party originators are unacceptable. An employee may not originate, process, or close a loan through his or her employer</li> </ul>

### Section 3: Credit Guidelines

<b>Credit Bureau Reports</b>	A tri-merge credit report consisting of Equifax, Experian, and Trans Union is required for all borrowers. Credit report can not be more than 120 days old at closing.
<b>Verification of Mortgage</b>	A housing payment history on the borrower's principle residence is required for all loans. The payment history must document the most recent 12 month's payments. The current balance, status, and payment amount must be verified.
<b>Land Contracts and Lease Options</b>	<p>Unrecorded land contracts less than 12 months old are underwritten as purchases with contract price used as a sales price. Lease options are underwritten as purchases. Can be treated as refinance if over 12 months old.</p> <p>Required documentation for land contracts is a copy of the contract in the name of the borrower with the terms of the purchase clearly spelled out. Payment verification for a Land Contract is 12 months of canceled checks and an amortization schedule.</p> <p>*Cash-out allowable to consolidate debt.</p>

## Section 4: Income/Employment Requirements

<b>General Income and Employment</b>	<ul style="list-style-type: none"> <li>The borrowers income and employment history are an important role in determining if the loan is an acceptable risk for UGMC. Borrower must meet a minimum disposable income requirement.</li> </ul>
<b>Employment History</b>	<ul style="list-style-type: none"> <li>Employment must be verified, verbally or written, for the most recent two year. A fully completed VOE must be signed and dated by borrower's employer.</li> <li>A telephone verification of employment, fully documenting the date of contract, the name and title of the person contacted, and the date of hire may be substituted for a written VOE. This must be certified by the originator and documented in the file.</li> </ul>
<b>Employment Gaps</b>	<p>UGMC will closely review applicants with numerous or extended employment gaps. Any employment gap in excess of 30 days must be explained in the file and a written explanation of employment gaps from the borrower may be required.</p>
<b>Family Employment</b>	<p>If a relative or a closely held family business employs the borrower, the borrower must submit the previous two years signed federal income tax returns along with all schedules and a 4506T.</p>
<b>Continuation of Employment</b>	<p>The continuation of income is as important as the stability of employment. Negative comments from a borrower's employer may be reason for declining the application.</p>
<b>Borrower's Income</b>	<ul style="list-style-type: none"> <li>The borrowers income must be: <ul style="list-style-type: none"> <li>Stable</li> <li>Verifiable</li> <li>Sufficient to repay the debt</li> </ul> </li> <li>Income from the borrower's primary source of employment plus acceptable secondary income will be included in qualifying income.</li> <li>All secondary income should be verified for a minimum of two years to be used as qualifying income.</li> <li>Income calculations will be well documented in paper and placed in the loan file.</li> <li>A signed IRS 4506T form will be required for all borrowers.</li> </ul>
<b>Income Verification Requirements</b>	<p><b>SALARY borrowers:</b></p> <ul style="list-style-type: none"> <li>A fully completed Fannie Mae VOE signed and dated by the borrower's employer(s).</li> <li>The VOE may be substituted with the most recent pay stub showing year to date earnings and prior two year's W-2's.</li> <li>If the employer verifies at least two years of employment, but the employer's policy prohibits income verification, the underwriter may accept a recent year to date pay stub in lieu of two year's W-2 forms plus a verbal verification by UGMC representative with pay stub.</li> </ul> <p><i>***SPECIAL NOTE: Stated programs are available on a case by case basis. Please contact your account executive for details.</i></p>

<p><b>Income Verification Requirements Cont'd.</b></p>	<p><b>OVERTIME and COMMISSION:</b>  Overtime and commission may be used to qualify the borrower if there is a two year history of receipt and the employer verifies that such pay is typical for the occupation and likely to continue. Yearly overtime earnings which are increasing or level are level year over year are acceptable. If overtime earnings are declining they will not be allowed to be used as qualifying income. Overtime pay with no historical basis is also an unacceptable source of income.</p> <ul style="list-style-type: none"> <li>• Average the overtime or commission from the previous year and current year to date to determine the appropriate amount.</li> <li>• If the income for the current year is sharply declining from previous years, that year's income will be used and not the average of the past two years.</li> <li>• If the borrower's qualifying income is comprised of more than 24% overtime or commission, signed federal tax returns with all schedules for the past two years will be required along with a 4506T.</li> </ul> <p><b>BONUS INCOME:</b>  Bonuses are usually irregular or annual payments, not reoccurring cash flow on a monthly basis. Therefore, UGMC generally does not recognize such income for qualifying purposes. In order for UGMC to consider the annual bonus, the qualifying income, the borrower should have the following:</p> <ul style="list-style-type: none"> <li>• Two years history of receipt</li> <li>• Bonus must be typical for the occupation</li> <li>• An annual bonus may not be used as income if the bonus is to be used for the down payment.</li> <li>• If the borrower's qualifying income is comprised of more than 25% bonus, signed federal tax returns with all schedules for the past two years with all schedules will be required along with a 4506T.</li> </ul> <p><b>MILITARY INCOME:</b>  Military personnel often are entitled to different types of pay in addition to their base pay. UGMC will accept the following as part of stable income as long as future continuance can be established. The following are acceptable military income:</p> <ul style="list-style-type: none"> <li>• Fight or hazard pay</li> <li>• Rations</li> <li>• Clothing allowance</li> <li>• Quarters allowance</li> <li>• Hardship allowance</li> </ul> <p>All military income must be evidenced by either tax returns or other independent documentation.</p> <p><b>CHILD SUPPORT AND ALIMONY:</b></p> <ul style="list-style-type: none"> <li>• A copy of the court decree or separation agreement should be provided to verify the amount and duration.</li> <li>• The borrower should also provide evidence that such amount has been regularly received for the past 12 months and is currently being received.</li> <li>• Child support will only be accepted as income when the support is received for a child 12 years of age or younger. For children over 12 years of age, child support income will be considered as a compensating factor only.</li> </ul> <p><i>***SPECIAL NOTE: Alimony/child support will be counted as long term monthly obligations unless there is evidence of payment lasting less than 10 months.</i></p>
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<p><b>Income Verification Requirements Cont'd.</b></p>	<p><b>INTEREST AND DIVIDEND INCOME:</b></p> <ul style="list-style-type: none"><li>• Interest and dividend income that has been received for the past 24 months and is properly documented may be used for qualifying.</li><li>• Any funds that are used for down payment must be subtracted before interest income is calculated.</li><li>• The interest rate will be assumed to be equivalent to the current passbook rate unless otherwise documented.</li><li>• Two years taxes and all schedules will be required to verify interest/dividend income and 4506T.</li></ul> <p><b>PART TIME OR SEASONAL INCOME/SECOND JOB:</b> UGMC will recognize the following income if there has been 2 year's history of such income and a strong likelihood of continuation:</p> <ul style="list-style-type: none"><li>• Part time</li><li>• Seasonal</li><li>• Second Job</li></ul> <p><b>RETIREMENT INCOME:</b> One of the following is required for proof of retirement income:</p> <ul style="list-style-type: none"><li>• Letters from the organization providing the income (Social Security, Pension Funds, etc.).</li><li>• Copies of the retirement award letters.</li><li>• 6 months of consecutive bank statements showing regular and consistent deposits of retirement income:<ul style="list-style-type: none"><li>○ The retirement organization must be identifiable on the bank statement, or</li><li>○ The deposit amounts must coordinate with additional documentation connecting the retirement of organization with the deposits.</li></ul></li><li>• Most recent 2 years tax returns.</li></ul> <p><b>SOCIAL SECURITY INCOME:</b> Retirement:</p> <ul style="list-style-type: none"><li>• Documenting the most recent award letter or bank statement that clearly indicates the borrower's name and social security income amount.</li><li>• The amount indicated on the documentation may be used as verified income to qualify the borrower.</li><li>• Borrower must be of retirement age.</li></ul> <p>Disability:</p> <ul style="list-style-type: none"><li>• Written documentation indicating that the disability payments are permanent.</li><li>• The most recent award letter or bank statement that clearly indicates the borrower's name and SSI amount.</li><li>• The amount indicated on the documentation may be used as verified income to qualify the borrower.</li></ul> <p>Dependent Children:</p> <ul style="list-style-type: none"><li>• The child must be 12 years of age or younger.</li><li>• The most recent award letter or bank statement that clearly indicates the borrower's name and SSI amount.</li><li>• The amount indicated on the documentation may be used as verified income to qualify the borrower.</li></ul>
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<p><b>Income Verification Requirements Cont'd.</b></p>	<p><b>NOTES RECEIVABLE:</b> The following documentation is required:</p> <ul style="list-style-type: none"><li>• Copy of the note is required to establish amount and term payments.</li><li>• One of the following must support receipt of payments for the past 12 months:<ul style="list-style-type: none"><li>○ Deposit slips</li><li>○ Canceled checks</li><li>○ Most recent 2 years tax returns</li></ul></li></ul> <p><b>TRUST INCOME:</b> The following documentation is required:</p> <ul style="list-style-type: none"><li>• Upon receipt of a photocopy of the Trust Agreement or the trustee's statement confirming the amount and frequency of payments, trust income may be used.</li><li>• Trust income will be allowed only if the trust is irrevocable.</li></ul> <p><b>PENSION:</b> Pension benefits will be allowed if the amount and duration is properly documented. The duration or likely duration must be sufficient to cover the term of the loan.</p> <p><b>VA BENEFITS:</b> Most VA Benefits are acceptable income if verified by a letter or distribution form from the Veterans Administration. <i>**** SPECIAL NOTE: Education benefits are not acceptable income because they are offset by education expenses.</i></p> <p><b>DISABILITY INCOME:</b> Permanent disability benefits will be considered as income as long as benefits can be verified by the following:</p> <ul style="list-style-type: none"><li>• A photocopy of the appropriate agency award letter or</li><li>• Company acknowledgement letter</li></ul> <p>The statement must identify the benefit amount, payment term and probability that benefits will be permanent.</p> <p><b>CAR ALLOWANCES:</b> UGMC will count documented car allowances as income and include the borrower's automobile debt as long term debt in determining the borrower's qualifying ratios.</p> <p><b>DEFERRED INCOME:</b> Deferred income that is not presently available should not be used to qualify borrowers.</p> <p><b>RAISES:</b> An anticipated raise can be included in the borrower's income if:</p> <ul style="list-style-type: none"><li>• The raise is documented in the VOE</li><li>• The amount of the raise is reasonable for the occupation and industry</li><li>• The effective date will be no later than 3 months from the date of the approval.</li></ul>
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<p><b>Income Verification Requirements Cont'd.</b></p>	<p><b>RENTAL INCOME:</b> The following is required to use rental income:</p> <ul style="list-style-type: none"><li>• Rental income from qualified non-owner occupied properties may be used as borrower income if such income is verifiable.</li><li>• The last 2 years federal tax returns, including all schedules are used to verify rental income.</li><li>• In all cases, the borrower must provide a copy of the rental or lease agreements.</li><li>• If the property has been owned less than 2 years, the Underwriter may consider approval if compensating factors exist. Compensating factors must be documented.</li></ul> <p>Use the following formula to calculate rental income:</p> <ul style="list-style-type: none"><li>• Rental income is calculated by the net rental income on Schedule E plus depreciation.</li><li>• A positive result is included as income and a negative result is included as debt.</li></ul> <p><i>***SPECIAL NOTE: Caution must be exercised when income is declining.</i></p> <p><b>NON TAXABLE INCOME:</b> The following forms of income are considered non-taxable and should be “grossed up”:</p> <ul style="list-style-type: none"><li>• Child support</li><li>• Social security income</li><li>• Disability income</li><li>• Railroad retirement</li><li>• VA benefits</li><li>• Worker’s compensation</li><li>• AFDC</li></ul> <p><i>***SPECIAL NOTE: Unless the applicant(s) provide proof of exemption, please consider all income of which you are uncertain taxable.</i></p> <p>The following forms of income are considered taxable and should NOT be “grossed up”:</p> <ul style="list-style-type: none"><li>• Alimony</li><li>• Annuities/Pensions</li><li>• Military retirement</li><li>• National guard income</li><li>• Rental income</li><li>• Retirement</li><li>• Self employment</li></ul> <p>Use the following formula to “gross up” non-taxable income: Amount of income divided by .75 will equal the amount of grossed up income.</p>
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<p><b>Income Verification Requirements Cont'd.</b></p>	<p><b>UNACCEPTABLE FORMS OF INCOME:</b> The following are unacceptable forms of income for consideration in determining a borrower's ability to repay:</p> <ul style="list-style-type: none"><li>• Unemployment compensation</li><li>• Boarder income</li><li>• Draw income</li><li>• Foster care income (temporary or permanent)</li><li>• Adoption income</li><li>• VA schooling benefit or other educational benefits</li><li>• Payments for leave of absence or medical leave including worker's compensation income not reported to the IRS</li><li>• Temporary income</li></ul> <p><b>SELF EMPLOYED:</b> ****<i>SPECIAL NOTE: Underwriting the self employed borrower required more detailed documentation and analysis than underwriting required for other borrowers.</i></p> <p>The following guidelines will be used in assessing who will be considered self employed:</p> <ul style="list-style-type: none"><li>• A borrower who has an ownership interest of 25% or more in a business is considered to be self employed.</li><li>• The business may be operated as a sole proprietorship, a partnership, or a corporation.</li><li>• An average of the previous 2 years qualifying income should be used.</li><li>• Even if salaried income would be sufficient to meet qualifying ratios, the business must be analyzed to determine that it will not negatively impact the personal income and assets of the borrower.</li><li>• Careful analysis of the borrower's education, training, experience, demand, location, and nature of business is required.</li></ul> <p>The following documentation is required for self employed borrowers:</p> <ul style="list-style-type: none"><li>• A 2 year history of self employment is required to develop and document a qualifying income figure that is stable and durable.</li><li>• Less than 2 years of self employment would be acceptable if the borrower has had a history of employment in the same or related field and can document a reasonable probability of success based on market feasibility studies and pro forma financial statements.</li><li>• All loans made to self employed borrowers will require a completed and signed Request for Copy of Transcript of Tax Form, Form 4506T, prior to funding.</li></ul> <p>The following income factors will be analyzed for self employed borrowers:</p> <ul style="list-style-type: none"><li>• Income used for qualification should be determined by the adjusted gross income plus non-cash items such as:<ul style="list-style-type: none"><li>○ Depreciation</li><li>○ Depletion</li><li>○ Amortization</li></ul></li><li>• Documented, non recurring losses, such as casualty losses, may also be added back to the adjusted gross income, as well as, loss carryovers from previous tax years.</li><li>• Caution must be exercised when income is declining. In such cases, qualification is based on the most recent year's income.</li></ul>
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<b>Income Verification Requirements Cont'd.</b>	<ul style="list-style-type: none"><li>• Verification requirements for self employed borrowers will vary depending on the business classification.</li></ul> <p>Sole Proprietorship verification requirements:</p> <ul style="list-style-type: none"><li>• 2 years personal tax returns (1040 and all schedules) for the most current 2 years whether or not an extension has been filed.</li><li>• YTD Profit and Loss and Balance Sheet signed by borrower or prepared by CPA.</li></ul> <p>Partnership verification requirements:</p> <ul style="list-style-type: none"><li>• 2 years personal tax returns (1040 and all schedules) for the most current 2 years whether or not an extension has been filed.</li><li>• 2 years signed partnership returns (1065).</li><li>• YTD Profit and Loss and Balance Sheet signed by borrower or prepared by CPA.</li><li>• K1 (1065)</li><li>• 4506T must be obtained and used to verify self employment income and the validity of the tax returns prior to funding.</li></ul> <p>Corporation verification requirements:</p> <ul style="list-style-type: none"><li>• 2 years personal tax returns (1040 and all schedules) for the most current 2 years whether or not an extension has been filed.</li><li>• 2 years signed corporate tax returns (1120).</li><li>• YTD Profit and Loss and Balance Sheet signed by borrower or prepared by CPA.</li></ul> <p>S-Corporation verification requirements:</p> <ul style="list-style-type: none"><li>• 2 years personal tax returns (1040 and all schedules) for the most current 2 years whether or not an extension has been filed.</li><li>• 2 years signed S-Corporate tax returns (1120S).</li><li>• YTD Profit and Loss and Balance Sheet signed by borrower or prepared by CPA.</li></ul>
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## Section 5: Debt Ratio Requirements

<b>Debt Ratio</b>	Maximum debt ratio of 50% of gross income allowed and borrowers must meet a minimum disposable income requirement. See worksheet available on our website.
<b>Debt Evaluation</b>	<p><b>REVOLVING ACCOUNTS:</b> If a balance exists UGMC will calculate payments using the stated monthly payment on the credit report or 2% of the outstanding balance. ****SPECIAL NOTE: If the 2% of the outstanding balance is less than \$20 use the \$20.</p> <p><b>INSTALLMENT ACCOUNTS:</b> UGMC will include all installments with a remaining term of 10 months or more.</p> <p><b>ALIMONY AND CHILD SUPPORT:</b> UGMC counts alimony and child support as long term monthly obligation unless there is evidence of payments lasting less than 10 months.</p> <p><b>REAL ESTATE DEBT:</b> The payment related to the real estate debt will be included in the borrower's debts for debt ration qualification purposes. If the borrower receives rental income from the property the income may be included in the income total for debt ratio qualification purposes. Rental income will be required to be verified with a copy of a current lease and the last 2 most recent year's taxes with all schedules. The income amount will be based on the reported taxable rental income.</p> <p><b>LINES OF CREDIT:</b> If a balance exists, UGMC will calculate payments using the stated monthly payment on the credit report or 2% of the outstanding balance. ****SPECIAL NOTE: If the 2% of the outstanding balance is less than \$20 use the \$20.</p> <p><b>BUSINESS DEBT:</b> All debt appearing on the borrower's individual credit report will be applied to the borrower's debt calculation unless the debt can be shown to be a proper business expense independent of the borrower's individual obligation.</p> <p><b>CO-SIGNATURE DEBT:</b> UGMC will count borrower's co-signatory as debt.</p> <p><b>STUDENT LOANS:</b> Student loans must be included in the debt ratio. If there is no minimum monthly payment for an open student loan on the credit report, use 2% of the balance or a minimum monthly payment verified by the debt holder.</p> <p><b>401K LOANS:</b> 401(k) loans and other such payments must be included in the borrower's debt ratio.</p> <p>*Exceptions can be made at underwriter discretion</p>

## Section 6: Down Payment Policy

<b>Down Payment Requirements</b>	UGMC's minimum down payment requirement is 5%. Gifts are acceptable and there is no seasoning required for gifts of land. The down payment is calculated solely on the acquisition cost (sale or purchase price) of the home rather than the acquisition cost plus the closing costs.
<b>Trade-In Equity (MH)</b>	Net trade-in equity is generally defined and calculated as the current base retail NADA value of the trade-in, less the payoff balance of any liens against the home.
<b>Land Equity</b>	It is based on 100% of appraised value of land less any encumbrances. There is a 12 month seasoning required or the value will be based off the purchase price.
<b>Down Payment Verification Policy</b>	<ul style="list-style-type: none"> <li>• Verification of down payment must be obtained on all loans.</li> <li>• VOD techniques can vary considerably based upon the characteristics of each loan request and/or the timing of funding.</li> <li>• Down payment will be verified via any combination of:             <ul style="list-style-type: none"> <li>○ Certified funds</li> <li>○ Bank statements</li> <li>○ Bank deposit records/receipt</li> <li>○ All other documentation necessary to satisfy UGMC</li> </ul> </li> <li>• The down payment verification method will be clearly documented for each loan so that a clear understanding of the rationale is available.</li> <li>• Any large deposits will need to be documented.</li> </ul>
<b>Gifted Down Payments</b>	<p>Gifts of money may be derived from the following donors:</p> <ul style="list-style-type: none"> <li>• Spouse</li> <li>• Parent</li> <li>• Step-parent</li> <li>• Legal guardian</li> <li>• Grandparent</li> <li>• Brother / Step Brother</li> <li>• Sister / Step Sister</li> <li>• Child / Step Child</li> <li>• Gifted down payments for "buy-for" loans can only come from occupant of home.</li> </ul>

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<b>Gifted Down Payments Cont'd.</b>	<p>A gifted down payment requires a gift letter as well as a complete paper trail of those funds such as: Copy of donor's bank statement showing sufficient funds to gift, copy of the canceled check for the gift funds, copy of borrower's bank statement showing the gifted funds deposited. Any large deposits in either the donor's or the borrower's bank account will need to be documented.</p> <p>The following information must be contained on a gift letter:</p> <ul style="list-style-type: none"><li>• Donor's name</li><li>• Donor's address</li><li>• Donor's acknowledgement that verification of sufficient monies in the donor's account is required</li><li>• Name depository and account number with the gift funds</li><li>• Date of gift</li><li>• Donor's signature</li><li>• Donor's telephone number</li><li>• Certification that no repayment of the gift is expected or required either in the form of cash or further services</li><li>• Gift amount</li><li>• Gift recipient's name</li><li>• Gift recipient's relationship to donor</li><li>• Property address</li></ul>
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**Section 7: Insurance**

<p><b>Minimum Physical Damage Coverage</b></p>	<p>UGMC requires that all borrowers have physical damage insurance upon financing a manufactured home. Such coverage may be referred to as a “homeowner’s policy”, a “homeowners policy with mobile (manufactured) home endorsement”, or simply a mobile (manufactured) homeowners policy.</p> <p><b>****SPECIAL NOTE: UGMC cannot require insurance coverage for points that were financed by the customer.</b></p> <p>The physical damage (hazard) insurance coverage must be sufficient to protect the lien holder’s interest. The minimum required dwelling coverage will be Broad Form Comprehensive with a loss settlement provision of either replacement cost, agreed value, or stated value (except where prohibited by law) in an amount equal to at least the remaining unpaid balance.</p> <ul style="list-style-type: none"> <li>• The policy term must be at least 12 months</li> <li>• The deductible for a “comprehensive” policy cannot exceed \$500</li> </ul>
<p><b>Flood Insurance Coverage</b></p>	<p>Flood determinations on a 100 year flood plan will be based on a flood search conducted by UGMC. If the flood search indicates the home is in a flood zone or the home is in a 100 year old flood plane the flood insurance will be required. If the home is in a 100 year old flood plane then it will also require Life of Loan flood insurance coverage.</p>
<p><b>Policy/Binder Requirements</b></p>	<p>The Policy and/or binder must meet the following criteria:</p> <ul style="list-style-type: none"> <li>• Must be underwritten by an insurance company rated B+ or better</li> <li>• Must provide one of the following as evidence of property insurance at closing: <ul style="list-style-type: none"> <li>○ Policy rollover – may provide the rollover of an existing physical damage policy to the new collateral or the addition of a secondary home to an existing homeowner’s policy as long as all other requirements are met.</li> <li>○ Prepaid insurance – A binder or application indicating “Paid” or a separate receipt, and including the issuing agent’s signature.</li> <li>○ Financed coverage – A complete application signed by the agent and indicating explicitly that coverage is bound.</li> </ul> </li> <li>• UGMC must be listed as the lien holder/mortgagee/loss payee</li> <li>• The effective date of the policy must be on or before the contract date.</li> </ul>
<p><b>Credit Life, Disability, and Home Warranty</b></p>	<p>UGMC will not fund loans with credit life insurance, disability insurance or home warranties financed into the loan.</p>

## Section 8: General Appraisal Policy

<p><b>Appraiser Qualification Requirements</b></p>	<p>All appraisers, whether contracted directly or through an appraisal management company, must meet the following requirements:</p> <ul style="list-style-type: none"> <li>• Have a current appraiser license and/or state certification</li> <li>• Have a complete working knowledge of the specific market area where the appraised property is located</li> <li>• Have a minimum of 5 years recent experience as a real estate appraiser. The following items must accompany the appraisal submitted or it will be requested:             <ul style="list-style-type: none"> <li>○ A copy of a current appraiser license and/or state certification</li> <li>○ A copy of their resume</li> <li>○ Current client list and a minimum of 3 references from finance companies, banks, or other lenders for which the appraiser has performed appraisals within the last 6 months.</li> <li>○ 3 recent sample appraisals (including the 1004C) completed within the last 6 months.</li> <li>○ Copy of E&amp;O Insurance (if applicable)</li> <li>○ All subject to underwriter discretion</li> </ul> </li> </ul> <p><b>****SPECIAL NOTE: UGMC reserves the right to obtain an independent “desk top” appraisal or field review on any loan containing an inadequate appraisal. Also, a second appraisal may be required at the discretion of UGMC.</b></p>
<p><b>Appraisal Review Overview</b></p>	<p>All appraisals should include the following:</p> <ul style="list-style-type: none"> <li>• 3 original pictures of subject property (front, rear, and street scene), original pictures of at least 3 comparables and original interior pictures. E-mailed and black and white appraisal photos with laser signatures are acceptable.</li> <li>• A map showing the location of the subject property and at least 3 comparables.</li> <li>• A sketch of room layout</li> <li>• A certifying statement from the appraiser</li> <li>• Identify the number of home sections that compromise the home (For example: singlewide (1 section), doublewide (2 sections), etc.)</li> <li>• Include a copy of the appraiser’s license</li> <li>• Be typed fully completed and signed by the approved appraisers.</li> <li>• Be only original “hard copy” or e-mailed. No faxes or copies.</li> </ul> <p>The following criteria are applicable when determining the acceptability of an appraisal:</p> <ul style="list-style-type: none"> <li>• An appraisal conducted over 1 year before the closing date of the loan is unacceptable.</li> <li>• The appraisal must have been conducted 120 days or less from the closing date. Appraisals conducted over 121 days from the closing date require re-certification from the original appraiser.</li> <li>• All comparables should have closed within 6 months of the date of the appraisal. Comparable sales over 6 months, but less than 12 months old will require an explanation on the usage in the comments section or on the addendum. Comparable sales over 12 months old are not acceptable.</li> </ul>

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<p><b>Appraisal Review Overview Cont'd.</b></p>	<ul style="list-style-type: none"> <li>• All comparable sales should be similar in size, appeal, and functionality to support acceptable valuation of the property.</li> </ul>
<p><b>Comparable Appraisals</b></p>	<p>The method of appraisal required by UGMC is to compare the subject property to similar properties recently sold in the area. The selection of the best available comparable will normally minimize the need for adjustments.</p> <p>When adjustments are necessary, however, the following percentage limitations should be used as a guideline and should only be exceeded when an acceptable explanation is provided from the appraiser:</p> <ul style="list-style-type: none"> <li>• Gross Adjustments at 25%</li> <li>• Net Adjustments at 15%</li> <li>• Line Adjustments at 10%</li> </ul> <p>In the case of a purchase money transaction, the selling price is taken into account but is not the controlling factor when determining a fair market value. If the investigation and analysis performed by the appraiser indicates that comparable properties sold for a lesser price, the estimate of FMV of the subject property may be less than the sales price.</p> <p>In addition, the appraisal report must address the following:</p> <ul style="list-style-type: none"> <li>• A “rebuilt” letter may be required stating that the property can be rebuilt to its current use if destroyed where the properties are zoned legal non-conforming.</li> <li>• Properties lacking in permits for additional units may only be valued as permitted. The present land value should be based on the property’s highest and best use.</li> <li>• The appraiser must comment on the condition and quality of the construction.</li> <li>• A termite report will be required on properties where the appraiser (or purchase agreement) indicates evidence of termite infestation/damage.</li> <li>• If the appraiser reports any dysfunction in the operation of the septic tank, a certification will be required.</li> <li>• A well certification will be required only when the appraiser indicates that there is a deficiency in the pressure of the well.</li> <li>• Any external factors that may affect a property’s marketability.</li> </ul>
<p><b>Appraisal Considerations</b></p>	<p>UGMC prohibits that have undesirable physical features, are physically deteriorated or are exposed to a substantial risk to value and/or marketability from being used as collateral.</p>