

LOAN PROGRAM Comparison

Loan option	Interest rate	Highlights	Best if you:
Conventional	Fixed- and adjustable-rate options	<ul style="list-style-type: none"> • Lower interest rate • Fewer penalties and fees • Second home purchase options • Investment properties 	Have good credit and a larger down payment
FHA	Fixed- and adjustable-rate options	<ul style="list-style-type: none"> • Low down payment options • Flexible income and credit requirements 	Are a first-time homebuyer or have a limited amount of funds for a down payment
USDA	Fixed-rate options	<ul style="list-style-type: none"> • No down payment* • Low credit score requirements • Flexible credit underwriting requirements 	Purchase a home in a USDA-designated rural area
VA	Fixed- and adjustable-rate options	<ul style="list-style-type: none"> • Low to no down payment** • Low income and credit requirements • No mortgage insurance 	Are active-duty military, a veteran or military spouse

*USDA Guaranteed Rural Housing loans subject to program stipulations and applicable state income and property limits. **A down payment is required if the borrower does not have full VA entitlement or when the loan amount exceeds the VA county limits. VA loans subject to individual VA Entitlement amounts and eligibility, qualifying factors such as income and credit guidelines, and property limits. Fairway is not affiliated with any government agencies. These materials are not from VA, HUD or FHA, and were not approved by VA, HUD or FHA, or any other government agency.



CONVENTIONAL Fannie Mae & Freddie Mac Overview

Down payment

- 3%, 5%, 10%, 15%, 20% or more
- If you put down 20% or more, you can avoid private mortgage insurance (PMI)

Maximum mortgage amount

- \$510,400 for a single unit
- Higher amounts may be available for multi-unit properties

Credit score requirements

- 620 FICO or more

Qualifying ratios

- Per automated underwriting

PMI

- PMI is based on credit score and down payment
- Mortgage rates are based on credit scores and other factors

Seller concessions

- 9% for LTV/CLTV* \leq 75%
- 6% for LTV/CLTV 75.01%–90%
- 3% for LTV/CLTV > 90%
- 2% for investment properties

*Loan-to-Value (LTVs) and Combined Loan-to-Value (CLTVs) may vary by loan amount.



CONVENTIONAL Fannie Mae & Freddie Mac Overview (CONT.)

Gift funds

- Gift funds are allowed for the down payment or closing costs

Second home and vacation home down payment requirement

- Second homes and vacation homes require a 10% down payment

Investment home down payment requirement

- 1-unit properties require a 15% down payment
- 2-, 3- and 4-unit properties require a 25% down payment
- Ability to finance up to 10 properties with restrictions

Miscellaneous

- No income restrictions
- No location restrictions
- No purchase price restrictions



FHA Overview

Down payment

- 3.5%

Maximum mortgage amount

- Depends on area

Credit score requirements

- See Loan Officer for latest FICO requirements

Qualifying ratios

- Per automated underwriting

PMI

- Up-front mortgage insurance premium
1.75% of the loan amount

Seller concessions

- 6% seller concessions

Gift funds

- All types of gift funds are allowed

Miscellaneous

- Second homes, vacation homes and investment properties not allowed
- No income restrictions
- No first-time homebuyer requirement
- Non-occupying co-borrowers allowed for qualifying purposes
- 2- to 4-unit properties may be purchased
- Only one FHA mortgage allowed at a time
- No location restrictions
- No purchase price restrictions



USDA Overview

Down payment

- No down payment requirements*

Maximum mortgage amount

- No purchase price limit

Credit score requirements

- See Loan Officer for latest FICO requirements
- Flexible credit guidelines

Qualifying ratios

- Per automated underwriting

Seller concessions

- 6% seller concessions available
- Closing costs can be financed

Gift funds

- Gift funds allowed for the down payment or closing costs

Miscellaneous

- No second home, vacation home or investment properties
- Income restrictions may apply
- No first-time homebuyer requirement
- Geographic restrictions



VA Overview

Down payment

- No down payment requirements*

Maximum mortgage amount

- \$510,400 for a single unit
- Higher amounts may be available for multi-unit properties

Credit score requirements

- See Loan Officer for latest FICO requirements
- Flexible credit guidelines

Qualifying ratios

- Per automated underwriting

Seller concessions

- Seller is allowed to pay all the closing costs

Funding fee

- Funding fee is based on entitlement
- No monthly mortgage insurance required

Gift funds

- Gift funds allowed for the down payment

Miscellaneous

- No second home, vacation home or investment properties
- No income restrictions
- No first-time homebuyer requirements
- VA loan can be used multiple times, but the funding fee will increase with each use
- Additional benefits may be available for disabled veterans

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LENDING Rules vs. LENDING Guidelines

RULES

Lending rules are generally viewed as non-compromising, meaning there is no flexibility in the directive. A few good examples of lending rules are:

- Seller concession limits
- Loan programs with a minimum credit score requirement
- Minimum down payment requirements

GUIDELINES AND COMPENSATING FACTORS

Lending guidelines are generally a little more flexible due to compensating factors. Compensating factors can work in the borrower's favor by allowing for a manual underwrite of a loan. Good examples of compensating factors include:

- Credit scores
- Reserves
- Low debt-to-income ratios (DTIs)*
- Employment history

*Debt-To-Income (DTI) ratio is monthly income debt/expenses divided by gross monthly income.



Our Way is the **FAIR** Way

We keep the process as simple as possible by:

- Providing application options — in person, over the phone, securely online or through our mobile app
- Offering loan products that meet your financial needs and goals
- Helping you make informed decisions by educating you about your loan options
- Guiding you through the entire loan process from the application to closing and beyond

Fairway offers a wide range of financing options, including:

- Fixed- and adjustable-rate mortgages (ARMs)
- FHA, VA* and Conventional loans
- Loans for first-time homebuyers
- Zero down payment options with Rural Housing Program (USDA)**
- Jumbo financing
- Refinancing options

*VA loans subject to individual VA Entitlement amounts and eligibility, qualifying factors such as income and credit standards, and property limits. Fairway is not affiliated with any government agencies. These materials are not from VA, HUD or FHA, and were not approved by VA, HUD or FHA, or any other government agency. **USDA Guaranteed Rural Housing loans subject to program stipulations and applicable state income and property limits.





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