

SECTION 4000 – GENERAL

.01 INTRODUCTION

AHFC believes an underwriting program of high quality is an absolute necessity to accomplish its goal of stimulating the flow of funds to housing through the development and continuation of an effective secondary mortgage market.

Thus, AHFC requires the Lender's qualified underwriter carefully evaluate the overall credit of the borrower and the property offered as security. The Lender's underwriter and the Lender must also be confident the mortgage is acceptable to private institutional investors and government insurers/guarantors.

All information used to evaluate the creditworthiness of the borrower must be obtained before the date of the Note or applicable assumption agreement and must be supported by written documentation maintained by the Lender.

The following guidelines are used by AHFC in underwriting the borrower's ability to repay the mortgage debt. Credit underwriting guidelines must be applied consistently to each borrower regardless of race, color, religion, national origin, age, sex, marital status, familial status or disability. All standards for determining stable monthly income must be applied in the same manner to each borrower.

The subject property is adequate collateral for securing the debt, and the credit documentation should clearly demonstrate the borrower's ability and willingness to repay the loan.

Items such as adverse property conditions, limited liquidity or adverse credit conditions such as previous default on any AHFC loan, foreclosures, deed-in-lieu of foreclosure, previous judgments, serious delinquencies or other similar conditions may constitute reason for less than maximum financing or possible declination, and lead AHFC to request additional documentation. Lenders are encouraged to submit such cases for a preliminary determination so that the items can be addressed early in the process.

A. Lender Requirements

AHFC requires a full-time employee of the Lender to:

1. Ensure the application process is in conformance with Conventional, FHA, HUD, VA and RD requirements, as applicable.
2. Select an appraiser who must perform an inspection of the property.
3. Order and receive the borrower's necessary credit documentation directly from the original sources.

4. Make an underwriting determination of the entire credit and property package prior to recommending the mortgage to AHFC for purchase.