Alaska Housing FINANCE CORPORATION

Comprehensive Risk Assessment for Manual Underwriting

Borrower:________________

AHFC #:________________

OVERVIEW

This Comprehensive Risk Assessment Worksheet is a tool to assist the lender in identifying the approximate likelihood of mortgage default risk for a manually underwritten loan. It does not represent a specific eligibility recommendation and may not be used to override an automated underwriting recommendation. This worksheet is divided into 3 steps. Follow the instructions to complete steps 1, 2, and 3 in order. Lender's representations and warranties apply.

Note: Before using this worksheet, first confirm the mortgage loan under review meets the eligibility requirements as described in the *Selling Guide.*

STEP 1: PRIMARY RISK ASSESSMENT

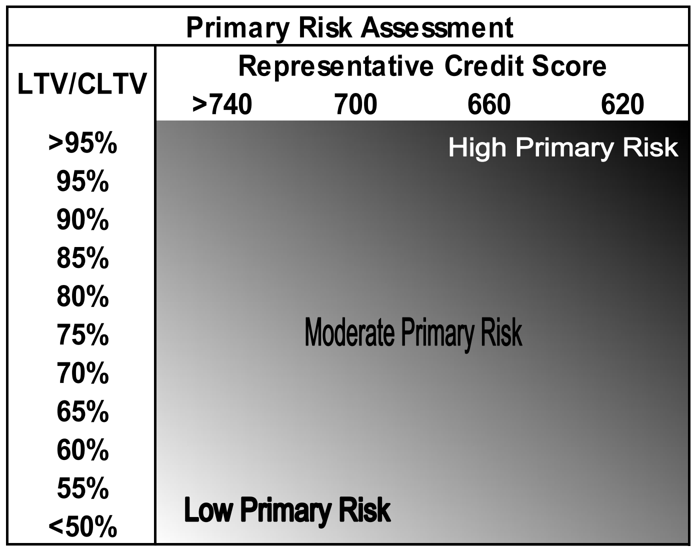
INSTRUCTIONS FOR STEP 1

The first step in a comprehensive risk assessment is to identify the primary risk of the mortgage loan being reviewed.

Assess the primary risk factors using the chart at the right. Locate the intersection of the LTV (CLTV or HCLTV if subordinate financing exists) and the representative credit score for the mortgage loan (determined per the instructions in the *Selling Guide.)*

After identifying the level of primary risk based on the location in the chart, mark the appropriate box below that represents the primary risk of the mortgage loan under review (low, moderate, or high.)

A mortgage loan at the maximum eligible LTV/CLTV/HCLTV and the minimum eligible representative credit score should be considered to have high primary risk.



Step 1: Assess Primary Risk Based On Equity Investment and Credit History

Use these boxes to mark your assessment of primary risk

	Low Risk			Moderate Risk			High Risk		
Equity Investment (LTV/CLTV/HCLTV) **and Credit History** (Representative Credit Score)									

INSTRUCTIONS FOR STEP 2: Contributory Risk Assessment

Read the following notes before using the chart on the next page:

- Property Type, occupancy type, transaction (purpose) type, and product type are all contributory risk factors already taken into consideration as part of AHFC's eligibility criteria for standard products and special products. The items listed below are those contributory risk factors not already incorporated into our eligibility criteria.
- For each row on the chart, circle the box that includes the characteristic that applies to the mortgage loan under review. For example, if the mortgage loan has a total debt-to-income (DTI) ratio of 36%, circle the middle box (>30% and ≤40%) under the Risk-Neutral heading. Continue until you have circled one box per row, or determined that it is not applicable.
- Areas shaded and marked with an "N/A" do not apply. For example, the lack of a prior bankruptcy does not decrease risk and mortgage terms greater than 25 years do not increase risk.
- If the specific mortgage loan being requested must meet a higher minimum eligibility requirement (e.g., 6 months' reserves for an investment property), that minimum eligibility requirement must be viewed as a risk-neutral rather than a factor that decreases the risk of the mortgage loan.

STEP 2: ASSESS CONTRIBUTORY RISK FACTORS

Contributory Risk Factor	Significantly Decreases Risk	Decreases Risk	Risk-Neutral	Increases Risk	Significantly Increases Risk
Mortgage Term	≤15 years	>15 and ≤25 years	≥25 years	N/A	
Total DTI Ratio	≤10%	>10% and ≤30%	>30% and ≤40%	>40% and ≤45%	>45%
Liquid Reserves	≥24 months	<24 and ≥6 months	<6 and ≥2 months	<2 and ≥1 months	<1 month
Previous Mortgage Payment History		0 x 30 days late within 24 months	0 x 30 days late within 12 months	1 x 30 days late within 12 months	2 x 30 days late or 1 x 60 days late within 13-24 months
Prior Bankruptcy (BK)			None	Any history of BK	Any BK within 5 years* OR repeat
Prior Foreclosure (FC), Deed-in-lieu (DIL), or Preforeclosure Sale			None	Any history of FC, DIL, or preforeclosure sale	• FC within 6 years* • DIL within 5 years* • Preforeclosure sale within 3 years*
Presence of Co-Borrower		Co-borrower with applicable credit score ≥700			

* Refer to the *Selling Guide* for minimum elapsed time requirements since BK or FC, etc., and for guidance on identifying and documenting extenuating circumstances that may apply.

INSTRUCTIONS FOR STEP 3: Comprehensive Risk Assessment

Read the following notes before making a final assessment of risk:

- Review the contributory risk factors that apply to the mortgage loan under review to determine how they affect the primary risk assessment (Step 1). Generally, the presence of two or more contributory risk factors that are identified as "decreases risk" or "increases risk" will result in the comprehensive risk level shifting to a different risk rating from the one established in Step 1.
- Take into consideration whether the representative credit score and the LTV/CLTV/HCLTV are at the minimum and maximum, respectively, per the applicable eligibility grid or whether the mortgage loan has either a credit score cushion (above the minimum for that transaction, property, and product type) or has an LTV/CLTV/HCLTV cushion (below the maximum LTV/CLTV/HCLTV) or both. Consider whether these factors present a risk layering or risk mitigating effect.
- The lender must fully document the results of its comprehensive risk assessment (which includes preparing a statement to indicate the reasons the lender determined the mortgage loan could be delivered to AHFC despite its high comprehensive risk). If the lender is not able to identify and document sufficient strength among the contributory risk factors to reduce the high comprehensive risk, it should not deliver the mortgage loan to AHFC.

Step 3: ASSESS COMPREHENSIVE RISK OF THE MORTGAGE LOAN OVERALL

Use these boxes to mark your comprehensive risk assessment, expressed in terms of likelihood of a mortgage default.

Risk Level	Low Risk			Moderate Risk			High Risk		

Lenders Responsibility for the Final Comprehensive Risk Assessment:
The lender's evaluation of the mortgage loan default risk, assessment of the adequacy of the property as security for the mortgage, determination of whether the mortgage loan satisfies the eligibility criteria, and evaluation of the acceptability of the documentation in the mortgage file should all enter into the decision of whether or not it is appropriate to deliver the mortgage loan to AHFC.

Underwriter ______________________ Date ______________________