

FHA Fixed / ARM

Program Summary - Primary residence only					
Units	Loan Amount	Max LTV/CLTV/HCLTV	AUS Credit Score	Manual Credit Score	Purpose
1-4 Units	Conforming / High Balance	96.5%	580	620	Purchase
	Conforming / High Balance	80%	580	620	Cash Out Refi
	Conforming / High Balance	97.75%	580	620	No Cash Out
<ul style="list-style-type: none"> To determine the maximum loan amount for a particular property/county, use the following link: FHA Mortgage Limits Minimum loan amount \$75,000 					
<p><u>Calculating Upfront and Annual MIP</u> Applies to case numbers assigned on or after January 26, 2015</p>					
>15 year term for base loan amounts equal to or less than \$625,500					
LTV		UFMIP		Annual	
> 95%		1.75%		.85%	
≤ 95%		1.75%		.80%	
>15 year term for base loan amounts greater than \$625,500					
> 95%		1.75%		1.05%	
≤ 95%		1.75%		1.00%	
≤ 15 year term for base loan amounts equal to or less than \$625,500					

> 90%	1.75%	.70%
≤ 90%	1.75%	.45%
≤15 year term for base loan amounts greater than \$625,500		
> 90%	1.75%	.95%
78.01% - 90%	1.75%	.70%
≤ 78%	1.75%	.45%
Guidelines		
<p>Click here to access FHA standard 4000.1 program guidelines. Reference to FHA handbook are provided for reader convenience only and are not intended to represent the full requirement.</p>		
Loan Purpose	<ul style="list-style-type: none"> • Purchase • Limited Cash-Out/Rate & Term Refinance <ul style="list-style-type: none"> - Includes Simple Refinances meeting FHA requirements - Proceeds can be used to pay off an FHA or non-FHA first mortgage regardless of age - Proceeds can be used to pay off any junior liens related to the purchase of the subject property, or that are seasoned at least 12 months - Pay related Closing Costs and Prepaid items - Disburse cash out to the Borrower in an amount not to exceed \$500 • Cash-Out <ul style="list-style-type: none"> - When property was inherited less than 12 months ago, see 4000.1 II.A.8.d - Borrower must be 0x30x12 on the subject mortgage history - Non-occupant co-borrowers may not be added in a cash out refinance transaction in order to meet FHA’s credit underwriting guidelines for the mortgage. Any co-borrower or co-signer being added to the note must be an occupant of the property. • When any loan is paid off: To meet Ginnie Mae seasoning requirements: the borrower must have made at least six consecutive payments on the loan being paid off and the first payment due date of the new loan must be at least 210 days after the first payment due date of the refinanced loan. 	

<p>Documentation</p>	<ul style="list-style-type: none"> • All borrowers must have a valid social security number. • All borrowers must have at least one valid credit score. • Borrowers using non-traditional credit are not allowed. • An IRS Form 4506-T must be signed, completed, and dated at application and at closing by all borrowers. • IRS transcripts are required with any of the following: 1) When using tax returns for qualifying for income, such as self-employed, commission income, rental income, etc. 2) Employed by a family business, 3) Handwritten paystubs, 4) Non-taxable income (other than VA disability income), 5) non-arms length transactions, 6) Employed by an interested party to the transaction
<p>DTI Ratios</p>	<ul style="list-style-type: none"> • AUS Approve/Accept: Max DTI 55% • Manual: <ul style="list-style-type: none"> -31/43: No compensating factors required. -37/47: One compensating factor required: Verified and documented *cash reserves; minimal housing payment increase; or residual income. -40/40: No discretionary debt. -40/50: Two compensating factor required: Verified and documented *cash reserves; minimal housing payment increase; residual income, or significant income not in Effective Income. • In community property states, the spouse's debts and obligations must be considered even if the borrower wishes to obtain the loan in his or her name only.
<p>Property Flipping</p>	<ul style="list-style-type: none"> • Properties resold 90 days or fewer following the date of acquisition by the seller are not eligible for FHA financing unless the loan meets the exceptions set forth in 4000.1 II.A.1.b.iv (A)(3). The date of acquisition is defined as date of settlement on the seller's purchase of the property. The resale date is defined as the date of execution of the sales contract by a buyer intending to finance the property with an FHA-insured loan. • Properties resold between 91 and 180 days after acquisition require a second appraisal by a different appraiser if the resale price is 100% or more over the price paid by the seller when the property was acquired.

Underwriting

- All loans must be submitted through DU or LP.
- CH7 & CH13 Bankruptcy requires 24 months seasoning from discharge date to case number assignment date
- CH13 bankruptcy acceptable if not discharged 24 months if all of the following are met: 1) All payments have been made satisfactorily, 2) Minimum 12 months' worth of payments have been made, and 3) The Trustee or Bankruptcy Judge approves the new credit
- Foreclosure requires 36 months seasoning from completion
- All judgements must be paid in full or subject to a repayment plan with a minimum history of 3 timely payments
- Tax liens may remain unpaid if the Borrower has entered into a valid repayment agreement with the federal agency owed to make regular payments on the debt and the Borrower has made timely payments for at least three months of scheduled payments. The Borrower cannot prepay scheduled payments in order to meet the required minimum of three months of payments.
- Collection Accounts: If the total outstanding balance for all borrowers is equal to or greater than \$2,000 at time of underwrite, lender must perform a capacity analysis. Capacity analysis includes:
 - Payment in full of collection accounts, prior to or at closing, along with documentation of acceptable source of funds,
 - Borrower makes payment arrangements, and provides proof of arrangement with payment included in DTI, or
 - 5% of the outstanding balance of each collection account is included as monthly payment in DTI.
 - Non-borrowing spouse collection accounts ARE included in cumulative balance.
 - Medical collections and charge offs are excluded.
- Disputed accounts: If the credit report utilized by TOTAL Mortgage Scorecard indicates that the Borrower has \$1,000 or more collectively in Disputed Derogatory Credit Accounts, the Mortgage must be downgraded to a Refer and manually underwritten. Cumulative outstanding balance of disputed derogatory accounts less than \$1,000: Manual downgrade NOT required. Disputed medical accounts and disputed derogatory accounts resulting from identity theft may be excluded from the \$1,000 limit. Identity theft documentation must be provided.
- Disputed Derogatory Accounts defined as:
 - Disputed charge-off accounts,
 - Disputed collection accounts, and
 - Disputed accounts with late payments in the last 24 months

	<ul style="list-style-type: none"> The following disputed non-derogatory accounts are not included in the \$1,000 limit: <ul style="list-style-type: none"> - Disputed accounts with \$0 balance, - Disputed accounts with late payments 24 months or older, or - Disputed accounts that are current and paid as agreed
<p>Identity of Interest Transactions</p>	<ul style="list-style-type: none"> Generally, the maximum LTV percentage for Identity-of-Interest transactions on Principal Residences is restricted to 85%, see 4000.1 II.A.2.b.ii (A) for exceptions. An Identity-of-Interest Transaction is a sale between parties with an existing Business Relationship or between Family Members. Business Relationship refers to an association between individuals or companies entered into for commercial purposes. Family Member is defined as follows, regardless of actual or perceived sexual orientation, gender identity, or legal marital status: <ul style="list-style-type: none"> - child, parent, or grandparent; <ul style="list-style-type: none"> o a child is defined as a son, stepson, daughter, or stepdaughter; o a parent or grandparent includes a step-parent/grandparent or foster parent/grandparent; - spouse or domestic partner; - legally adopted son or daughter, including a child who is placed with the Borrower by an authorized agency for legal adoption; - foster child; - brother, stepbrother; sister, stepsister; - uncle; aunt; or - son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law of the Borrower.
<p>Manual Underwrite</p>	<ul style="list-style-type: none"> AUS “Refer/Eligible” finding allowed subject to manual underwriting requirements (i.e. loan cannot have layered risk, compensating factors are required). Purchase or Rate/Term refinances require manual downgrade if payment history for any mortgage, including HELOCs, reflect 3x30x12, or 1x60x12 plus 1x30x12, or 1x90x12 within the most recent 12 months. Cash-Out refinance requires manual downgrade if payment history for any mortgage, including HELOCs, reflects current delinquency or any delinquency within 12 months of case number assignment.

	<ul style="list-style-type: none"> All transactions: Undisclosed mortgage debt may not be currently delinquent, have more than 0x30 for 12 months prior to case number, or have more than 2x30x24 prior to case number.
Reserve Requirements	<ul style="list-style-type: none"> Reserves required per AUS 2-4 unit properties require 3 months PITIA in reserves
Eligible Property Types	<ul style="list-style-type: none"> 1 unit attached and detached SFR, PUD, FHA approved condominiums 2-4 units Owner Occupied Primary Residence only
Ineligible Transactions	<ul style="list-style-type: none"> Second Homes and investment properties Down payment assistance options Texas 50(a)(6) loans Manufactured Homes Co-ops Condominiums in projects that are not approved by FHA Escrow holdbacks Assigned purchase contracts Leasehold estates Energy Efficient Mortgages (EEMs) Loans secured by properties with the condition ratings of C5, C6 or Q6 Loans secured by properties with PACE or HERO obligations Loans secured by properties that are boarding facilities / bed and breakfast /working farms or ranches Non-traditional properties such as Dome Homes or Log Homes Properties not suitable for year-round use Native American Land Working farms and ranches
Approved States	<ul style="list-style-type: none"> AL, AK, AR, AZ, CA, CO, CT, DE, D.C, FL, GA, ID, IL, IN, KS, KY, LA, ME, MD, MA, MI, MN, NH, NJ, NM, NC, OH, OR, PA, RI, SC, TN, TX, VA, WY

<p>Appraisal Requirements</p>	<ul style="list-style-type: none"> • A full appraisal is required for all submissions. • Properties with additions and converted living space may be acceptable when the property meets FHA's requirements. See 4000.1 II.D.3.d for complete details. The Appraiser must treat room additions and garage conversions as part of the GLA of the dwelling, provided that the addition or conversion space: <ul style="list-style-type: none"> ○ is accessible from the interior of the main dwelling in a functional manner; ○ has a permanent and sufficient heat source; and ○ was built in keeping with the design, appeal, and quality of construction of the main dwelling. • Room additions and garage conversions that do not meet the criteria listed above are to be addressed as a separate line item in the sales grid, not in the GLA. • The Appraiser must address the impact of inferior quality garage conversions and room additions on marketability as well as Contributory Value, if any.
<p>Seller Contributions / Concessions</p>	<ul style="list-style-type: none"> • Seller concessions may not exceed 6% of the value of the sales price.