

# VHDA Federal Housing Administration (FHA)

## Program Guidelines

<b>Loan Term</b>	30 year fixed rate only.
<b>Maximum Lender Compensation</b>	2.50% including SRP plus common and customary ancillary fees.
<b>Loan-to-Value (LTV)</b>	<p>Maximum 96.5% LTV (+ Financed UFMIP - Follow FHA LTV requirements) based on the lower of the sales price / appraised value.</p> <p>No minimum LTV, except:</p> <ul style="list-style-type: none"> <li>• If originated with the DPA Grant <b>or</b> Plus Second Mortgage the Minimum LTV is 90%.</li> </ul> <p>Follow FHA requirements for maximum CLTV.</p> <p><a href="#">Exhibit LL</a> required if there is subordinate financing (except Plus Second Mortgage and FHLB).</p>
<b>Mortgage Insurance</b>	UFMIP / Annual MIP per FHA requirements.
<b>MCC Eligible</b>	<a href="#">Yes</a> (First-Time Homebuyer Purchase only), in accordance with the Mortgage Credit Certificate (MCC) Guidelines.
<b>SPARC Eligible</b>	<a href="#">Yes</a> (First-Time Homebuyer Purchase only), in accordance with the Sponsoring Partnerships & Revitalizing Communities (SPARC) Guidelines.
<b>VHDA CCA Eligible</b>	No. (VHDA Closing Cost Assistance Grant)
<b>VHDA DPA Eligible</b>	<a href="#">Yes</a> (First-Time Homebuyer Purchase only), in accordance with the VHDA Down Payment Assistance (DPA) Grant Guidelines.
<b>VHDA Plus Second Mortgage Eligible</b>	<a href="#">Yes</a> (First-Time Homebuyer Purchase only), in accordance with the VHDA Plus Second Mortgage Guidelines.
<b>First-Time Homebuyer</b>	<p>Required unless purchasing in a Targeted Area (applies to all borrowers and non-borrowers taking title).</p> <p>A borrower and non-borrower on title are considered a First-Time Homebuyer if they have not owned and occupied a primary residence in the last 3 years.</p> <p><b>Acceptable documentation to evidence First-Time Homebuyer:</b></p> <ul style="list-style-type: none"> <li>• The fully executed Single Family Loan and MCC Programs Disclosure and Borrower Affidavit (Exhibit E2) signed by all borrowers and non-borrowers taking title;</li> <li>• A completed Uniform Residential Loan Application (Form 1003); <b>and</b></li> <li>• The credit report.</li> </ul> <p><b>Note:</b> If unable to confirm from the Exhibit E2, Form 1003, or the credit report the borrowers and/or non-borrowers taking title are a First-Time Homebuyer, additional documentation may be required, such as:</p> <ul style="list-style-type: none"> <li>• Three years' federal tax returns / tax transcripts</li> <li>• Rent verification(s)</li> <li>• Other reports such as a Lender Data Integrity Report (Examples: Drive Report, FraudGuard, Loansafe)</li> </ul>

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<b>Income Limits</b>	<table border="1"> <thead> <tr> <th>Income Limit Type:</th> <th>FHA only, or with MCC and/or Plus Second Mortgage</th> <th>With DPA Grant</th> </tr> </thead> <tbody> <tr> <td></td> <td>Standard Limits</td> <td>Lower Limits</td> </tr> <tr> <td><b>Who to include:</b></td> <td>Borrowers and non-borrowing occupants on title</td> <td>All household members</td> </tr> <tr> <td><b>What Income to include:</b></td> <td>Income of all borrowers and non-borrowing occupants on title*</td> <td>Income of all household members*</td> </tr> </tbody> </table>	Income Limit Type:	FHA only, or with MCC and/or Plus Second Mortgage	With DPA Grant		Standard Limits	Lower Limits	<b>Who to include:</b>	Borrowers and non-borrowing occupants on title	All household members	<b>What Income to include:</b>	Income of all borrowers and non-borrowing occupants on title*	Income of all household members*
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<p><a href="#">Click here</a> to see VHDA's Income Limits.</p> <p>*See <a href="#">Origination Guide</a> for more information on how to calculate household income, what income types must be included, and what may be excluded.</p> <p>*See below for details on where income must be stated on the Program Disclosure and Borrower Affidavit.</p>													
<b>Sales Price / Acquisition Cost Limits</b>	<p>Refer to <a href="#">VHDA Sales Price / Loan Limits</a>. The limit is the highest of the gross loan amount, sales price, and acquisition cost. See <a href="#">Origination Guide</a> for more information on how to determine acquisition cost.</p> <ul style="list-style-type: none"> <li><a href="#">VHDA Sales Price / Loan Limits</a> apply even when the FHA Maximum Loan Amount Limits are higher.</li> <li>The gross loan amount of the first mortgage (including financed up front mortgage insurance premium, when applicable) <b>and</b> Plus Second Mortgage combined cannot exceed the VHDA Sales Price / Loan Limits if originated with the Plus Second Mortgage.</li> </ul>												
<b>Maximum Loan Amount</b>	<p>Follow FHA Maximum Loan Amount requirements except: <a href="#">VHDA Sales Price / Loan Limits</a> apply even when the FHA Maximum Loan Amount Limits are higher.</p>												
<b>Eligible Purpose</b>	<p>Primary Residence Purchase (no refinances).</p>												
<b>Residency</b>	<p>U.S. Citizen, Permanent Resident Alien, or Non-Permanent Resident Alien that meets FHA requirements.</p>												
<b>VHDA Single Family Loan and Mortgage Credit Certificate Program Disclosure and Borrower Affidavit (<a href="#">Exhibit E2</a>)</b>	<p>Required.</p> <ul style="list-style-type: none"> <li>Must be executed by all borrowers and non-borrowers taking title.</li> <li>Income from all borrowers and non-borrowers taking title must be included on page 4 of the Exhibit E2.</li> <li>If originated with VHDA DPA Grant then income from all household members must be included on page 4.</li> </ul>												
<b>VHDA Seller Affidavit and Acknowledgment (<a href="#">Exhibit F</a>)</b>	<p>Required.</p>												

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<b>VHDA Originating Lenders Submission Cover Letter</b> <a href="#">(Exhibit O)</a>	Required.
<b>Recapture</b>	Loan is subject to recapture only if originated with an MCC.
<b>Homebuyer Education</b>	Required for all First-Time Homebuyers. Complete VHDA course, <a href="#">HUD Approved Counseling Agency</a> course, or Fannie Mae Framework course prior to approval. Homebuyer Education Certificate is valid for 2 years.
<b>Tax Returns</b>	Federal tax returns are <u>no longer required</u> to evidence all borrower(s) and non-borrower(s) taking title are a First-Time Homebuyer*. *See above for acceptable documentation evidencing First-Time Homebuyer.
<b>Business Use of Home</b>	No more than 15% of the financed dwelling may be used primarily in a trade or business. The borrowers and non-borrowers taking title must fully execute the <a href="#">Business Use of Home Certification</a> if the borrower has disclosed that a part of the current residence is being used primarily for a trade or business or if there is any other evidence in the file, such as: <ul style="list-style-type: none"> <li>• The employment business address is the same as the borrower’s current residence address on the 1003, or</li> <li>• Federal tax returns are provided and show the “business in home” deduction was taken (Typically this shows on Schedule C, line 30).</li> </ul> The <a href="#">Business Use of Home Certification</a> certifies that not more than 15% of the total living area of the subject property will be used primarily in a trade or business. If greater than 15% will be used in the subject dwelling then the borrower is not eligible.
<b>Maximum Net Worth</b>	Cannot exceed 50% of sales price (See <a href="#">Origination Guide</a> for more information).
<b>Automated Underwriting System (AUS) / Manual Underwrites</b>	<ul style="list-style-type: none"> <li>• Desktop Underwriter Approve Eligible or Loan Prospector Accept Eligible.</li> <li>• DU or LP decisions of Ineligible and Expanded Approval are not acceptable.</li> <li>• DU or LP decision of Refer may be manually underwritten as long as the loan meets the more restrictive of VHDA requirements and FHA manual underwrite requirements.</li> <li>• Manual Underwrite is acceptable, including borrowers with no credit score.                         <ul style="list-style-type: none"> <li>• Must meet FHA Non-Traditional credit requirements and all other FHA manual underwrite requirements.</li> </ul> </li> <li>• For manually underwritten loans, lender assumes full responsibility for compliance with FHA requirements.</li> </ul>

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<b>Minimum Credit Score</b>	<p>620 (no exceptions) Lowest of 2 / Middle of 3 scores of all borrowers.</p> <p>If a borrower does not have sufficient credit to obtain a credit score then the loan must be manually underwritten as indicated above.</p> <p>If originated with the Plus Second Mortgage:</p> <ul style="list-style-type: none"> <li>• 620-679 required for 3.5% LTV on second,</li> <li>• 680 required for greater than 3.5% up to 5% LTV on second for all borrowers.</li> <li>• If at least one borrower does not have a credit score then the maximum LTV for the Plus Second Mortgage is 3.5%.</li> </ul>
<b>Maximum DTI</b>	<p>45% with AUS Approval.</p> <p>Manually underwritten loans must meet more restrictive ratio requirements of VHDA and FHA.</p>
<b>Non-Occupant Co-Borrowers</b>	<p>Not allowed.</p>
<b>Ineligible Qualifying Income</b>	<ul style="list-style-type: none"> <li>• Boarder Income</li> <li>• Accessory Unit Income</li> </ul>
<b>Foreclosures / Deed in Lieu / Short Sales</b>	<p>Follow FHA waiting period requirements and:</p> <ul style="list-style-type: none"> <li>• No less than 3 years from date of title transfer to application date (unless originated with VHDA DPA Grant and/or Plus Second Mortgage, see below).</li> <li>• No significant derogatory credit since the event (bankruptcy/judgments).</li> <li>• No lates/collections last 3 years.</li> <li>• <b>No less than 5 years from date of title transfer to application date if originated with VHDA DPA Grant and/or Plus Second Mortgage.</b></li> </ul>
<b>Collections / Judgments</b>	<p>FHA requirements.</p>
<b>Minimum Borrower Contribution</b>	<p>FHA requirements.</p>
<b>Reserves / Acceptable Funds to Close</b>	<p>Follow FHA requirements for reserves and funds to close (including a gift).</p> <p><a href="#">Exhibit LL</a> required if there is subordinate financing (except Plus Second Mortgage and FHLB).</p>
<b>Interested Party Contributions</b>	<p>FHA requirements.</p>

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<p><b>Property</b></p>	<p>Single family (1 unit) detached, attached, FHA approved condominium (lender to certify condo approval and provide documentation).</p> <p>Property must be located in Virginia.</p> <p>Manufactured Homes must meet FHA and see <a href="#">Origination Guide</a> for additional requirements.</p> <p><b>Acreage:</b></p> <ul style="list-style-type: none"> <li>• The maximum lot size is 2 acres.</li> <li>• Exceptions are considered &gt; 2 up to 5 acres. The Lender's underwriter may review and render a decision on the acreage exception. See the <a href="#">Origination Guide</a> for additional requirements and criteria.</li> <li>• <b>If originated without an MCC:</b> Exceptions are considered &gt; 5 up to 10 acres as long as the loan is not originated with an MCC. The Lender's underwriter may review and render a decision on the acreage exception. See the Origination Guide for additional requirements and criteria.</li> </ul>
<p><b>UCDP / Collateral Underwriter</b></p>	<p>Not required; however lenders are required to meet all FHA appraisal requirements, including submission to FHA's EAD portal.</p>
<p><b>Unfinished Area</b></p>	<p>The cost to complete unfinished areas that are suitable to finish in the property must be included in the acquisition cost on the <a href="#">Exhibit E2</a> and <a href="#">Exhibit F</a> (Examples: Unfinished basement, lower level of a tri-level, etc.). See the <a href="#">Origination Guide</a> for more information.</p>
<p><b>Post-Closing Repairs</b></p>	<p>Escrows for post-closing repairs considered case by case as an exception and must be submitted to VHDA for consideration. No structural or major mechanical repairs allowed.</p>
<p><b>General Guidelines</b></p>	<p>Unless otherwise noted follow FHA requirements (with program overlays).</p>

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<b>Lock-In</b>	Loans locked on VHDA's LOS – <a href="#">Mortgage Cadence</a> – Select <b>FHA30F</b> . Follow steps outlined in the <a href="#">Mortgage Cadence User Guides</a> available on VHDA's website for registering and locking loans.
<b>LLPAs</b>	No additional Loan Level Pricing Adjustments.
<b>Origination</b>	Loan originated in accordance with program guidelines and FHA guidelines.
<b>Lender Delegated Underwriting Availability</b>	Delegated underwriting is available to all approved VHDA delegated lenders. Lender's underwriter assumes full responsibility for compliance with FHA underwriting requirements. Lenders can contact their Business Development Officer for questions / concerns about delegation.
<b>Underwriting</b>	Loans underwritten in accordance with program guidelines and FHA guidelines. Lender's underwriter assumes full responsibility for compliance with FHA underwriting requirements. Non-Delegated lenders must submit to VHDA prior to closing – must use the <a href="#">Underwriting Submission Checklist</a> . Follow steps outlined in the <a href="#">Mortgage Cadence User Guides</a> available on VHDA's website for submitting a Non-Delegated loan to VHDA Underwriting or submitting for Delegated Approval.
<b>Closing</b>	Loans closed in accordance with standard FHA guidelines. Loan must be closed in the name of the lender, registered in MERS with MERS compliant documents.
<b>UCD</b>	Not required.
<b>Documents</b>	Final DU, 1003, and Transmittal (92900-LT) must match (standard FHA tolerances allowed).
<b>Funding</b>	Originating lender will fund the first mortgage at closing.
<b>Tax Service Fee</b>	VHDA's tax service fee will be deducted from the Lender's net proceeds. This fee may not be charged to the borrower (FHA requirement).
<b>Delivery</b>	Loans submitted to VHDA within 10 calendar days of closing. Follow steps outlined in the <a href="#">Mortgage Cadence User Guides</a> available on VHDA's website for submitting a closed loan package. Documents must be uploaded using the <a href="#">VHDA Loan Stacking Form</a> .
<b>VHDA Pre-Purchase Review</b>	Loans reviewed by VHDA prior to purchase. If errors noted, VHDA will contact lender – this may require rerun of AUS.
<b>Post-Closing</b>	Standard post-closing documents must be submitted to VHDA.
<b>Important:</b> Refer to the <a href="#">Origination Guide</a> for more information about VHDA eligibility requirements.	

The information contained herein (including but not limited to any description of VHDA and its lending programs and products, eligibility criteria, interest rates, fees and all other loan terms) is subject to change without notice.