

**PROGRAM CODE: FHA30** 

	Transaction Type	Number of Units	Max LTV/CLTV/HCLTV	Minimum Credit Score	
Occupancy				Standard	High Balance
	Purchase	1-4 Units	96.5%*	Per AUS**	Per AUS
Primary Residence	Rate & Term Refinance	1-4 Units	97.75%	Per AUS	Per AUS
	Cash-Out	1-4 Units	85%	Per AUS	Per AUS
Owner Occupied		1-4 Units	97.75%	Per AUS	Per AUS
HUD Approved Secondary Residences	<u>Simple Refinance</u>	1 Unit	85%		
All Occupancy Types	Streamline Refinance	1-4 Units	N/A***	Per AUS	Per AUS

<sup>\*</sup>Maximum LTV for Identity of Interest transactions is 85%.

\*\*\*Refer to the Refinance section within the FHA 4000.1 Handbook for maximum loan amount calculation and Net Tangible Benefit requirements.

Helpful FHA Links	4000.1 Handbook	4000.1 FAQ	FHA FAQ Home	FHA Loan Limits	HUD.GOV	HUD Approved
	Does not include MSF					<u>Condos</u>
	Overlays. Refer to					
	Our Library within					
	AllRegs for MSF					
	Overlays.					

#### **Guidelines**

### Borrower Eligibility

#### **Eligible Borrowers:**

- U.S. Citizens w/ valid Social Security Number
- Lawful permanent or non-permanent residents of the U.S. with a valid U.S. Social Security Number

#### **Ineligible Borrowers:**

- Any individual without a valid U.S. Social Security Number
- Individuals with a U.S. Individual Taxpayer Identification Number (ITIN) An ITIN is formatted like a SSN but begins with "9"
- Currently incarcerated
- Foreign Nationals

4000.1 II A. 1. B. ii and 4000.1 II A. 1. B. ii. (A) (9)

#### Non-Occupant Co-Borrowers:

• Maximum number of non-occupying co-borrower(s) is one; "one" being defined as a single household such as a mother and father living together.



<sup>\*\*</sup>If the borrower's minimum decision credit score is > 580 then the borrower eligible for max financing. If the borrower's minimum decision credit score is between 500 and 579 then the borrower is limited to a maximum 90% LTV. No Credit Scores are allowed per FHA Guidelines.



	Income from a non-accument so begrower may not be used to qualify for a cash out refinance
	Income from a non-occupant co-borrower may not be used to qualify for a cash-out refinance.
Cash Out	Owner-occupied principal residence only. The property must be owned and occupied by the borrower as their principal residence for the 12 months prior to the date of case number assignment.
Transactions	The borrower must have made all payments for all their mortgages within the month due for the previous 12 months or since the borrower obtained the mortgages, whichever is less. Additionally, properties with mortgages must have a minimum of six months of mortgage payments. Properties owned free and clear may be refinanced as cash-out transactions.
MCC's & Down Payment Assistance (DPA)	<ul> <li>Down Payment Assistance</li> <li>Manual underwrites are Ineligible</li> <li>Manufactured homes are Ineligible</li> <li>Down Payment Assistance and or Grants are acceptable if Homeownership Assistance Program is HUD approved for the property city, count, or state</li> <li>MSF Retail Only:         <ul> <li>Refer to MSF Down Payment Assistance guidelines for approved programs</li> </ul> </li> <li>TPO Only         <ul> <li>Only Homeownership Assistance Program are eligible.</li> </ul> </li> </ul>
	<ul> <li>Programs requiring MSF to be an approved provider are Ineligible for TPO transactions.</li> </ul>
Calculating Max LTV	A Mortgage that is to be insured by FHA cannot exceed the Nationwide Mortgage Limits, the nationwide area mortgage limit, or the maximum Loan-to-Value (LTV) ratio. The maximum LTV ratios vary depending upon the type of Borrower, type of transaction (purchase or refinance), program type, and stage of construction.
	Under most programs, the maximum Mortgage is the lesser of the Nationwide Mortgage Limit for the area, or a percentage of the Adjusted Value.
	For purchase transactions, the Adjusted Value is the lesser of:
	purchase price less any inducements to purchase; or
	the Property Value.  For refinance transactions:
	<ul> <li>For Properties acquired by the Borrower within 12 months of the case number assignment date, the Adjusted Value is the lesser of:</li> <li>the Borrower's purchase price, plus any documented improvements made subsequent to the purchase; or</li> <li>the Property Value.</li> <li>Properties acquired by the Borrower within 12 months of case number assignment by inheritance or through a gift from a Family Member may utilize the calculation of Adjusted Value for properties purchased 12 months or greater.</li> </ul>
	<ul> <li>For properties acquired by the Borrower greater than or equal to 12 months prior to the case number assignment date, the Adjusted Value is the Property Value.</li> </ul>





Ineligible Programs	Ineligible programs include but are not limited to:
Loan Amount Limits	Maximum loan limits vary by State and County as determined by HUD. The base loan amount (prior to addition of UFMIP) may not exceed the HUD's County limits.
Loan Terms	<ul> <li>High Balance loans are any loan amounts that exceed conforming loan limits. High Balance loan amounts must utilize a high balance product code.</li> <li>Standard Balance Fully Amortizing Fixed Rate: 15, 20, 25, &amp; 30 year terms</li> <li>High Balance Fully Amortizing Fixed Rate: 15 &amp; 30 year terms</li> <li>Standard Balance Fully Amortizing Three or Five Year Adjustable Rate Mortgage (3/1 ARM or 5/1 ARM): 30 year team, fully amortizing, 2.25% Margin, 1 year Constant Maturity Treasury Index (CMT Index), 1/1/5 Caps</li> </ul>
Manufactured Housing Requirements	<ul> <li>Must be multi-wide. Single-wides are Ineligible</li> <li>One unit only</li> <li>Manufactured home must be in original placement. Documentation is required indicating the home has never been moved</li> <li>At least 3 comparable sales must be manufactured home and support value</li> <li>Comparable sales must have closed within the past six months         <ul> <li>Sales may exceed six months, but never exceed twelve months</li> <li>Appraiser must provide acceptable commentary for comparable(s) that exceed six months.</li> </ul> </li> <li>Documentation Requirements         <ul> <li>Appraiser to verify home is attached to permanent foundation</li> <li>Title policy to include manufactured housing endorsement</li> <li>Affixation affidavit signed by borrower at closing</li> <li>Title must be purged prior to closing</li> </ul> </li> </ul>
Evaluating Credit	The following link is to the Credit Requirements for TOTAL Scorecard section within AllRegs: <a href="http://www.allregs.com/AO/main.aspx?did2=4a27b5a5-b3f5-4119-990d-37e1282b0b41">http://www.allregs.com/AO/main.aspx?did2=4a27b5a5-b3f5-4119-990d-37e1282b0b41</a> Topics covered included but not limed to:  • Disputed Accounts





	<ul> <li>Judgements</li> <li>Bankruptcy</li> <li>Short-sales</li> <li>Foreclosure and Deed-in-Lieu of Foreclosure</li> <li>Housing Obligations / Mortgage Payment History</li> <li>Liabilities such as: Undisclosed Debt, Federal Debt, Alimony / Child Support, Non-borrower Spouse Debt in Community Property States, Deferred Obligations, Student Loans, Installment Loans, Revolving Accounts, 30-Day Accounts, Contingent Liabilities, Collection Accounts, etc.</li> <li>The following link is to the Credit Requirements for Manual Underwrites: <a href="http://www.allregs.com/AO/main.aspx?did2=5472dc3d-d138-41bd-9206-cf7db85b2248">http://www.allregs.com/AO/main.aspx?did2=5472dc3d-d138-41bd-9206-cf7db85b2248</a></li> <li>Topics covered are the same as listed above for TOTAL Scorecard however the requirements may vary based on a Manual Underwrite.</li> </ul>
Gift Funds (Applicable to TPO ONLY)	For all credit qualifying loans with a qualifying credit score of 640 or below AND gift funds, the following requirements apply:  No 30 day or greater late payment reported for the most recent 12 month period  No collection accounts reported in the most recent 12 month period  Excludes medical collections  Verification of Rent required  Maximum payment shock of 150%  2 months seasoned reserves: 'Seasoned' defined as 60 days
	1-4 Units, PUD's, Townhomes, Row homes, Manufactured Housing (see requirements above), and FHA Approved Condominiums are permitted.
Property Types	Ineligible Properties:  Manufactured housing in a flood zone Property that was previously a 'meth house', even if cleaned Working farms, ranches and orchards Hero/Pace Liens Cooperatives
	The Borrower must have made all Mortgage Payments within the month due for the six months prior to case number assignment and have no more than one 30-Day late payment for the previous six months for all Mortgages. The Borrower must have made the payments for all Mortgages secured by the subject Property within the month due for the month prior to mortgage Disbursement.
	A tri-merge credit report can be used to solely validate the loan score and mortgage history. Mortgage only credit reports are allowed.
	Non-owner occupied properties and HUD-approved second homes are only eligible for Streamline Refinancing into a fixed rate mortgage.
	Do not run FHA's Total Scorecard (DU or LP). All streamline refinance transactions are manual underwrites.
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Loans that are manually downgraded from a TOTAL Scorecard Approve or Accept response to a "refer" are subject to FHA's standard documentation requirements for manual underwrites and are not eligible for documentation relief indicated in the AUS findings. Manual Underwrites must meet all requirements as outlined in FHA's Handbook 4000.1

Approval Ratio Requirements (TOTAL Scorecard with Approve or Accept response); per AUS Findings

Approvable Ratio Requirements (Manual Underwriting)

The maximum Total Mortgage Payment to Effective income Ratio (PTI) and Total Fixed Payments to Effective Income Ratio, or DTI, applicable to manually underwritten Mortgages are summarized in the matrix below.

The qualifying ratios for Borrowers with no credit score are computed using income only from Borrowers occupying the Property and obligated on the Mortgage. Non-occupant co-Borrower income may not be included.

The following link provides detailed definition of: Energy Efficient Homes, Verified and Documented Cash Reserves, Minimal Increase in Housing Payment, Discretionary Debt, Significant Additional Income Not Reflected in Effective Income, and Residual Income as noted in the matrix below: <a href="http://www.allregs.com/AO/main.aspx?did2=df9a40c9-b900-4c55-9d16-683e0d23e7cd">http://www.allregs.com/AO/main.aspx?did2=df9a40c9-b900-4c55-9d16-683e0d23e7cd</a>

Lowest Minimum Decision Credit Score	Maximum Qualifying Patios (9/)	Assentable Componenting Factors
	Maximum Qualifying Ratios (%)	Acceptable Compensating Factors
500-579 or No Credit Score	31/43	Not applicable. Borrowers with Minimum Decision Credit Scores below 580, or with no credit score may not exceed 31/43 ratios.
		Energy Efficient Homes may have stretch ratios of 33/45.
580 and above	31/43	No compensating factors required.
		Energy Efficient Homes may have stretch ratios of 33/45.
580 and above	37/47	One of the following:
580 and above	40/40	No discretionary debt.
580 and above	40/50	Two of the following:  • Verified and documented cash reserves;





	•	Minimal increase in housing payment; Significant additional income not reflected in Effective Income; and/or Residual income.
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