



# FHA Program (203b)

revised 1/26/2015

This matrix is intended as an aid to assist in determining if a property/loan qualifies for certain FHA offered programs. It is not intended as a replacement for FHA guidelines. Users are expected to know and comply with FHA requirements.

**Note:** This matrix includes overlays which may be more restrictive than FHA’s requirements. Please read through this matrix completely and thoroughly. FSB reserves the right to update and adjust the matrix guidelines at any time.

## Program Qualifications

FSB’s FHA Purchase program is designed for the purchase of OWNER OCCUPIED Single Family Residences using an FHA insured home loan.

Purchase Eligibility Matrix – Loan Amount & LTV Limitations				
Minimum Credit Score	Units	Max Base LTV	Total LTV Including UFMIP	AUS Findings Required
<b>Primary Residence Purchase</b>				
620	1-4	96.5%	Maximum LTV plus the amount of the UFMIP	Approve/Eligible*
<b>Primary Residence Purchase with Manual Underwrite</b>				
620	1	96.5%	Maximum LTV plus the amount of the UFMIP	Refer/Eligible*
<b>Primary Residence – Purchase Manufactured Home</b>				
620	1	96.5%	Maximum LTV plus the amount of the UFMIP	Approve/Eligible* *(2)
<b>Non Arm’s Length (Identity of Interest) Transaction</b>				
620	1-4	85%	Maximum LTV plus the amount of the UFMIP	Approve/Eligible*
<b>90 Day Resale Waiver</b>				
620	1-4	96.5%	Maximum LTV plus the amount of the UFMIP	Approve/Eligible*
<b>Borrower with One Credit Score</b>				
620	1-4	96.5%	Maximum LTV plus the amount of the UFMIP	Approve/Eligible* (1)
<b>Borrower with No Score (manual underwrite)</b>				
N/A	1	96.5%	Maximum LTV plus the amount of the UFMIP	Refer/Eligible* (1)

\* AUS findings refer to DO/DU or LP findings

- 1 Borrower must have acceptable non traditional tradelines as outlined in Eligibility Requirements below
- 2 Manual Underwriting permitted on Manufactured Home Purchase with management approval

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Refinance Eligibility Matrix – Loan Amount & LTV Limitations				
Minimum Credit Score	Units	Max Base LTV	Total LTV Including UFMIP	AUS Findings Required
<b>Primary Residence Refinance</b>				
620	1-4	97.75%	Maximum LTV plus the amount of the UFMIP	Approve/Eligible*
<b>Primary Residence Manual Underwrite</b>				
620	1 - 2	97.75%	Maximum LTV plus the amount of the UFMIP	Refer/Eligible*
<b>Primary Residence Streamline Refi</b>				
620	1-4	97.75%	Maximum LTV plus the amount of the UFMIP	N/A
<b>Primary Residence Cash Out Refi (any property type)</b>				
620	1-4	85%	Maximum LTV plus the amount of the UFMIP	Approve/Eligible*
<b>Primary Residence – Manufactured Home</b>				
620	1	97.75%	Maximum LTV plus the amount of the UFMIP	Approve/Eligible (1) (2)
<b>Borrowers with No Score or One Score eligible on a case by case basis – see your AE for details</b>				

\* AUS findings refer to DO/DU or LP findings

1. Borrower must have acceptable non traditional tradelines as outlined in Eligibility Requirements below
2. Manual Underwriting permitted on Manufactured Home Purchase with management approval

## Maximum Loan Amount

Continental US Units	Conforming	
	Lowest Maximum (Floor)	Highest Maximum (Ceiling)
1	\$271,050	\$417,000
2	\$347,000	\$533,850
3	\$491,425	\$645,300
4	\$521,250	\$801,950

Maximum Base Loan Amount cannot exceed the FHA Statutory Mortgage Limits for each county and under no circumstances will a county's mortgage limit be less than the floor or greater than the ceiling as outlined in the matrix above. See this link for FHA County Mortgage Limits: <https://entp.hud.gov/idapp/html/hicostlook.cfm>

Purchase transaction using Section 203b and 234c condominium units the Maximum Base Loan Amount is calculated as the lesser of:

- Sales price or appraised value
- Minus any adjustments for excessive seller contributions/inducements to purchase
- Multiplied by the appropriate LTV factor, see *Eligibility Matrix Loan Amount & LTV Limitations*

Purchase transaction not permitting maximum financing (e.g., identity of interest, non-occupant co-borrower) maximum Base Loan Amount is calculated as the lesser of:

- Sales price or appraised value
- Multiplied by the appropriate LTV factor, see *Co-Borrower/Co-signer* section

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## Product Description

Fixed Rate 15 and 30 year term; fully amortized

## Eligibility Requirements

Max LTV	Calculated per FHA Guidelines
Max CLTV	Per FHA Guidelines  Purchase Community 2nds or non-profit grants must meet guidelines  Refinance Existing 2nds must re-subordinate
Minimum Loan Size	\$35,000 See rate sheet for applicable adjustments
Maximum Loan Size	FSB does not have a maximum Not to exceed county limits as published by HUD
Geographic Locations/Restrictions	Eligible states are as follows: <b>All states</b> <i>except</i> for NY, MA, VT, CT, ME, RI, NH, VA, ID, AK, HI – Delegated Only, Washington D.C.  Additional Transactions as follows <ul style="list-style-type: none"> <li>➤ Texas Cash Out 50(a)(6) is ineligible</li> <li>➤ State specific regulatory requirements supersede all underwriting guidelines set forth by FSB</li> </ul>
Credit Report	Full tri-merge report required Credit report age max of 90 days from date of report
Non Purchasing Spouse	Credit report required in Community Property State Borrower and Spouse must have a clear CAIVRS
Financing Types	<i>Purchase</i> <i>Refinance</i> <i>Streamline</i>  Construction to Permanent mortgage are ineligible.  <b>90 Day Resale Waiver:</b> Purchase Mortgages – Seller has owned property and on title less than 90 days at time of the purchase contract or earnest money agreement. <ul style="list-style-type: none"> <li>➤ The Seller’s 90-day is calculated based on the Seller’s date of acquisition which is the settlement date of the Seller’s purchase of the property.</li> <li>➤ The resale date is the date of the sales contract by a buyer intending to finance the property with an FHA-insured loan is signed.</li> </ul> <b>FHA Regulatory Exemptions –sales transactions exempt from FHA’s 90-day rule are as follows.</b> <ul style="list-style-type: none"> <li>➤ Builder selling a newly built home or building a home for a borrower wishing to use FHA-insured financing.</li> </ul>

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	<ul style="list-style-type: none"> <li>➤ Property acquired by an employer or relocation agency in connection with the relocation of an employee.</li> <li>➤ Resale of property by HUD under HUD’s Real Estate Owned (REO) program.</li> <li>➤ Sale of single family properties by other United States Government agencies pursuant to programs operated by these agencies.</li> <li>➤ Sale of property by nonprofits approved to purchase HUD-owned single family properties at a discount with resale restrictions.</li> <li>➤ Sale of property acquired by the seller through inheritance.</li> <li>➤ Sale of properties by state and federally-chartered financial institutions and government sponsored enterprises.</li> <li>➤ Sale of property by local and state government agencies.</li> <li>➤ Sale of properties within Presidentially Declared Disaster Areas.</li> <li>➤ Any subsequent resale of the property described above must meet the 90- day threshold in order for the mortgage to be eligible as security for FHA insurance (or follow the terms of the waiver on the following page).</li> </ul> <p><b>Seller of the property must be on title as the owner of record.</b></p> <p><b>To be eligible for a mortgage insured by FHA:</b></p> <ul style="list-style-type: none"> <li>➤ Property must be purchased from the owner of record.</li> <li>➤ The transaction may not involve any sale or assignment of the sales contract.</li> <li>➤ The lender must obtain documentation verifying the seller is the owner of record.</li> </ul>
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<p><b>Refinance</b></p>	<p>Eligible after a minimum of 6 months of payments</p> <p><u>Refinance Types Available</u> Streamline Cash Out Rate/Term Refinance</p> <p><u>Cash Out</u></p> <ul style="list-style-type: none"> <li>➤ Limit to 85%</li> <li>➤ Cash in hand limited to \$50,000</li> <li>➤ Debt payoff – no limit</li> <li>➤ Mortgage history cannot show any delinquency within the most recent 12 months</li> <li>➤ Cash out mortgage worksheet required</li> </ul> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;"><b>Cash Out Calculation Based on Length of Ownership</b></th> </tr> </thead> <tbody> <tr> <td style="width: 50%;">If the property has been owned by the borrower as his/her principal residence for....</td> <td style="width: 50%;">Then the mortgage...</td> </tr> <tr> <td>12 months or more preceding the date of the loan application</td> <td>Is eligible for the maximum amount of 85% of the appraiser’s estimate of value</td> </tr> <tr> <td>Less than 12 months preceding the date of the loan application</td> <td>Is limited to the less of the 85% of the: <ul style="list-style-type: none"> <li>* Appraiser’s estimate of value, or</li> <li>* Sales price of the property when acquired</li> <li>* If new construction, acquisition costs based on contractor</li> </ul> </td> </tr> </tbody> </table>	<b>Cash Out Calculation Based on Length of Ownership</b>		If the property has been owned by the borrower as his/her principal residence for....	Then the mortgage...	12 months or more preceding the date of the loan application	Is eligible for the maximum amount of 85% of the appraiser’s estimate of value	Less than 12 months preceding the date of the loan application	Is limited to the less of the 85% of the: <ul style="list-style-type: none"> <li>* Appraiser’s estimate of value, or</li> <li>* Sales price of the property when acquired</li> <li>* If new construction, acquisition costs based on contractor</li> </ul>
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	<p style="text-align: right;">contract and/or construction loan</p> <p>Note: the sales price does not need to be considered if the property was acquired as the result of inheritance and is, or will become, the heir's principal residence</p> <p><i><u>For all streamline loans, FSB will require a FULL CREDIT REPORT.</u></i></p> <p><u>Streamline</u></p> <ul style="list-style-type: none"> <li>➤ Without Appraisal <ul style="list-style-type: none"> <li>• Credit Qualifying</li> <li>• Non Credit Qualifying</li> </ul> </li> <li>➤ With Appraisal <ul style="list-style-type: none"> <li>• Credit Qualifying</li> </ul> </li> </ul> <p><u>Basic Streamline Guidelines</u></p> <ul style="list-style-type: none"> <li>➤ Borrowers cannot have any mortgage delinquencies within the past 12 months</li> <li>➤ All Streamline Refi's require a Max Mortgage Worksheet to be completed</li> <li>➤ Loan amount may only include the outstanding principal balance of the existing FHA loan plus the new UFMIP (applies to Non Credit Qualifying with and without an appraisal)</li> <li>➤ The max insurable amount may only be increased through a Credit Qualifying refinance with an appraisal</li> <li>➤ Cash out is not allowed</li> <li>➤ Net Benefit must be met <ul style="list-style-type: none"> <li>• A 5% reduction to the principal and interest (P&amp;I) of the mortgage payment plus the annual mortgage insurance premium (MIP), or</li> <li>• Refinancing from an ARM to a fixed rate mortgage in accordance with the conditions in the "net tangible benefit" worksheet</li> <li>• NOTE – a reduction in the term of the mortgage is not a net tangible benefit</li> </ul> </li> <li>➤ Owner occupied properties only</li> <li>➤ Current 1<sup>st</sup> mortgage must be an FHA loan to utilize a Streamline product</li> <li>➤ A streamline program should not be ran through an AUS as this is considered a manual underwrite</li> </ul> <p><u>Without an Appraisal</u></p> <ul style="list-style-type: none"> <li>➤ Abbreviated 1003 (application) needed <ul style="list-style-type: none"> <li>• Do NOT include on application:</li> <li>• Assets – except for what is required to document cash needed to close</li> <li>• Income – employment history is still needed, but do not include income amounts</li> <li>• Liabilities – Do not include any liabilities except for the mortgages. A mortgage only credit report is all that is needed</li> </ul> </li> <li>➤ Streamline Worksheet without Appraisal Max Mortgage Worksheet required</li> </ul> <p><u>With an Appraisal</u></p> <ul style="list-style-type: none"> <li>➤ A full application is required to include all sections of the 1003</li> </ul>
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	<ul style="list-style-type: none"> <li>➤ Standard documentation of information on 1003 applies</li> <li>➤ Streamline Worksheet with Appraisal required</li> </ul> <p><u>Rate/Term Refi</u></p> <ul style="list-style-type: none"> <li>➤ Closing costs can be financed as long as appraised value allows</li> <li>➤ Max LTV 97.75%</li> <li>➤ Can include all liens on the property as long as they have been seasoned 12 months</li> <li>➤ Current mortgage not required to be an FHA loan</li> <li>➤ Buy out of an ex-spouse or other co-borrower is considered a R/T refi – divorce decree or other supporting settlement agreement must be provided</li> </ul>
<p><b>Property Eligibility</b></p>	<p><b>Eligible</b></p> <ul style="list-style-type: none"> <li>➤ 1-2 Units</li> <li>➤ 3-4 Units             <ul style="list-style-type: none"> <li>• Net rents from all units, including primary unit, must be equal to or exceed mortgage payment. Net rent is calculated using the allowable vacancy factor for the applicable FHA HOC.</li> </ul> </li> <li>➤ PUD's</li> <li>➤ Condos – Must be on FHA approved list             <ul style="list-style-type: none"> <li>• If the condo project has been withdrawn from FHA's approved list or does not comply with FHA's condominium project eligibility guidelines as determined by the loan level certification for Individual Unit Financing process is ineligible.</li> <li>• Site condos do not require condominium project approval.</li> </ul> </li> <li>➤ Modular pre-Cut/Panelized Housing</li> <li>➤ Manufactured Housing</li> </ul> <p><b>Ineligible</b></p> <ul style="list-style-type: none"> <li>➤ Condo Hotels</li> <li>➤ Co-ops</li> <li>➤ Properties located within designated Coastal Barrier Resource system (CBRS) areas</li> <li>➤ Properties with greater than 25 acres</li> <li>➤ Uniquely designed properties such as dome homes, log cabins, earth berms, and underground homes.</li> </ul>
<p><b>Manufactured Home</b></p>	<p><b>Appraisal</b></p> <p>Full interior and exterior appraisal must be completed (Manufactured Home Appraisal Report Form 1004C required)</p> <p>Appraiser should use three comparable sales of similar manufactured homes A detailed and supported cost approach to value is required on all MFH appraisals</p> <p>The following are ineligible.</p> <ul style="list-style-type: none"> <li>➤ If the site or manufactured home is substantially non-conforming with the neighborhood it is ineligible</li> <li>➤ Creating comparable sales by combining vacant land sales with the contract purchase price of the home is prohibited. (This may be used as additional supporting documentation only.)</li> <li>➤ <b>Manufactured homes located in a Flood Zone</b></li> </ul> <p><b>Documentation</b></p>

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Evidence of surrender of certificate of title or that no certificate was issued, refer to individual state requirements. The FNMA *Titling Manufactured Housing* website has additional information pertaining to state requirements:

<https://www.efanniemae.com/sf/guides/ssg/relatedsellinginfo/manufachousing/titlingmanufhsing.jsp>

- Confirm property is legally classified as real property, on a permanent foundation, and owner owns both land and MFH
- ALTA Endorsement 7, 7.1, or 7.2 or any other endorsement required for manufactured homes to be treated as real property
- Deed of Trust (or other security instrument) must include a comprehensive description of the manufactured home and the land in the property description section or on a separate attached rider. The description must include the serial or VIN number for each unit/section; make, model, size, and any other information required by applicable law to definitively identify the manufactured home.
- Affidavit of Affixture – Borrower and Lender must sign and notarize acknowledging their mutual intent that the manufactured home be a permanent part of the real property securing the mortgage. Affidavit must be recorded simultaneously with security instrument.
- Limited Power of Attorney pertaining to title issues and foreclosure must be signed with closing documents

### Financing Details

Purchase Transaction:

- An existing manufactured home must have been permanently attached to its foundation for a minimum of 12 months prior to the loan application date, otherwise property is considered new construction
- The LTV ratio for a loan secured by a manufactured home that already exists on its foundation will be based on the lowest of:
  - The sales price of the manufactured home and land or
  - The current appraised value of the manufactured home and land.

Rate & Term Refinance or Limited Cash-Out Refinance Transaction:

- The manufactured home must have been permanently attached to its foundation for a minimum of 12 months prior to the loan application date
- A limited cash-out transaction involves the payoff of an existing mortgage secured by the manufactured home and land (or existing liens if the home and land were encumbered as separate liens). The maximum LTV ratio will be based on the lower of:
  - The current appraised value of the manufactured home and land; or
  - If the manufactured home was owned by the borrower for less than 12 months on the loan application date and:
    - If the home and land are secured by separate liens, the lowest price at which the home was previously sold during that 12-month period plus the lower of the current appraised value of the land, or the lowest sales price at which the land was sold during that 12-month period (if there was such a sale), or
    - If the home and land are secured by a single lien, the lowest price at which the home and land were previously sold during that 12-month period.
- Owner occupied properties located in Texas
  - If the first or second Texas Section 50(a)(6) loan is being paid off, regardless of whether the borrower is getting any cash back, the loan is restricted to the Texas Home Equity product and is ineligible.

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- If the first mortgage is not a Texas Section 50(a)(6) loan and the second mortgage is a Texas Section 50(a)(6), the second lien may be subordinated and is considered a rate and term refinance. The second lien must be subordinate to the first mortgage and a subordination agreement must be executed. Borrower cannot receive any cash back from first mortgage transaction.
- If a Texas Section 50(a)(6) second lien is being paid off, the loan is restricted to the Texas Home Equity product and is ineligible.
- The title policy will reference Texas Section 50(a)(6) and is ineligible.

**Non-arm's length transactions are ineligible**

**Property Requirements:**

- The land where the manufactured home rests must be fee simple
- The MFH must be a single family dwelling legally classified as real property
- The towing hitch, wheels, and axles must be removed
- The MFH must assume the same characteristics of a site-built housing
- The MFH must have sufficient square footage, room dimensions to be acceptable to purchasers in the subject market area
- The MFH must have been built in compliance with Federal Manufactured Home Construction and Safety Standards that were established June 15, 1976 as amended and in force at the time the home is manufactured,
- and additional requirements that appear in HUD regulations at 24 C.F.R. Part 3280 as evidenced by:
  - HUD Data Plate/Compliance Certificate – A paper document located on the interior of the subject property that contains, among other things, the manufacturer's name and trade/model number. In addition to the data required by Fannie Mae, the data plate includes pertinent information about the unit factory-installed equipment; and
  - HUD Certification Label (sometimes referred to as a HUD "seal" or "tag") – A metal plate located on the exterior of each section of the home
- The appraisal form 1004C must indicate evidence of both the HUD Data Plate/Compliance Certificate and the HUD Certification Label
- The MFH must be attached to a permanent foundation system
- The MFH must be permanently connected to the septic or sewage system
- The MFH must be permanently connected to all necessary utilities (water, electricity, gas service, etc.)
- The MFH must not have been installed or occupied previously at any other location or site
- The MFH must not have any additions or structural modifications to the original structure – this includes a garage, deck or room addition. Exceptions available case by case. (See Foundation Certification)
- This includes additional room count or additional living area square footage which is not allowed
- Typical porches and decks installed at time of siting, as well as adjacent carports and garages are allowed

**Foundation Certification**

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- For both FHA and VA loan programs, a foundation certification by a licensed engineer is required.
- Certification must state foundation is in compliance with the Permanent Foundation Guide for Manufactured
- Housing and contain engineer's signature and seal.
- If there are additions to the original structure, the foundation certification must state that these additions do not affect the structural integrity of the home. FSB does not guarantee that the home will qualify with the additions as this is an investor overlay and underwriting will have to review prior to final approval of the loan.

**FHA Loans (ML 2009-37) - Flood Insurance – LOMA/LOMR/Elevation Certification**

- 24 CFR 203.43f (c) (i) and (d) (ii) require that the finished grade level beneath the manufactured home shall be at or above the 100-year return frequency flood elevation. If any portion of the property improvements (the dwelling and related structures/equipment essential to the property value and subject to flood damage) for both new and existing manufactured homes are located within a SFHA, the property is not eligible for FHA mortgage insurance without: (1) a FEMA issued LOMA or LOMR (in these cases, neither an elevation certificate nor flood insurance is required) or (2) an elevation certificate prepared by a licensed engineer or surveyor stating that the finished grade beneath the manufactured home is at or above the 100 year return frequency flood elevation.

**Property Types**

**Eligible**

- Single Family Manufactured House with minimum requirements as follows:
  - Doublewide
  - 600 minimum square feet

**Ineligible**

- FHA does not insure mortgages on manufactured homes built prior to June 15, 1976
- Condo manufactured housing
- Co-op manufactured housing
- HUD Repo's
- Leasehold property
- MFH in parks
- MFH that has been moved from original installation(re-sitting)
- MFH in PUDs
- Single wide manufactured housing
- Homes with effective ages that significantly lower than the mortgage term offered

The **Certification Label** (also know as a HUD tag) is a metal plate that is affixed to the outside of the manufactured home.

HUD Labels (Tags) verification is required

HUD does not reissue tags for manufactured homes. However, the Department can issue a letter of label (tag) verification for units for which it can locate the necessary historical information. The label numbers can be found on a data plate, a paper label affixed inside the home and is the size of a standard sheet of paper (8 1/2" x 11") inside the home in one

	<p>of three locations: on or near the main electrical panel, in a kitchen cabinet, in a bedroom closet. The data plate has a map of the United States to let the consumer know the Wind Zone, Snow Load, and Roof Load for which their home was built.</p> <p>You may request letters of label verification from the Institute for Building Technology and Safety (IBTS), by visiting IBTS' website at <a href="http://www.ibts.org/services/services-in-the-public-good/cert-label-verification.html">http://www.ibts.org/services/services-in-the-public-good/cert-label-verification.html</a>. You may also contact IBTS' Label Department at 703-481-2010 or via fax at: 703-437-6894.</p>
<b>Housing History</b>	<p>0X30 last 12 months, no more that 2X30 or 1X60 in last 24 months</p> <p>Manual UW only: First Time Homebuyer must have 12 month rent history or Homebuyer Education</p>
<b>Qualifying Ratios</b>	<p><u>Credit Scores 620 – 659</u></p> <ul style="list-style-type: none"> <li>➤ Approve/Eligible ratios per AUS</li> <li>➤ Max DTI 50% (or 55% with no payment shock) whichever is less</li> <li>➤ Refer/Eligible – manual ratios 31/43 (management approval required for manual UW)</li> </ul> <p><u>Credit Scores 660 and Above</u></p> <ul style="list-style-type: none"> <li>➤ Approve/Eligible – ratios per AUS</li> <li>➤ Refer/Eligible max 31/43</li> </ul> <p>Manual underwriting requires management approval</p>
<b>Occupancy</b>	<p>Owner Occupied Only</p>
<b>Credit History</b>	<p><u>Housing History</u></p> <ul style="list-style-type: none"> <li>➤ 0x30 last 12 months, no more than 2x30 or 1x60 in last 24 months.</li> <li>➤ Manual UW Only – First Time Homebuyer must have 12 months rental history or Homebuyer Education</li> </ul> <p><u>Collections &amp; Disputed Accounts</u> Follow applicable FHA Guides (see Mortgagee Letter 2013-25)</p> <p><u>Minimum Credit Score Requirements</u> See Eligibility Matrix</p> <p><u>Borrower with one Credit Score</u></p> <ul style="list-style-type: none"> <li>➤ DU Approve/Eligible decision required; a manual underwrite is not allowed.</li> <li>➤ Credit data is available from one repository and credit score is obtained from that repository</li> <li>➤ A three in-file merged credit report was ordered</li> </ul> <p><u>Borrower with No Credit Score</u> Follow applicable FHA Guidelines:</p> <ul style="list-style-type: none"> <li>➤ Non-traditional credit report is required and must be reported as supplement on the credit report</li> <li>➤ Min of 3 tradelines required with a 12 month recent history. No late payments. If housing history available, this must be included as one of the tradelines</li> <li>➤ No open collections or judgments in the past 12 months except medical</li> </ul>

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- Non-occupant Co-borrower allowed but occupying co-borrower must not exceed 50% DTI on their own.
- Ratios max 31/43, no exceptions
- 2 months reserves required, must be borrower's own funds (cannot be a gift or borrowed)
- Credit Score must be showing as N/A or not scored due to no history. If negative accounts show on the report, the credit will not be accepted as this is not a true no score borrower
- Homebuyer education is required through a HUD approved course.

#### Judgments

No open judgments allowed. Must be paid in full prior to clear to close. No exceptions.

#### Bankruptcy

##### CH 7

- Min 2 years from discharge date with AUS approve/eligible
- Re-established credit needed. UW reserves right to request as applicable
- Re-established credit is defined as 2 or more tradelines open for a min of 12 months with a paid as agreed history.

##### CH 13

- CH 13 does not disqualify a borrower from financing an FHA loan
- Borrower can currently be in CH 13 and finance an FHA loan
- One year of the payout period must have elapsed
- The borrower's payment performance has been satisfactory and all required payments have been made on time. Payment history from Trustee required
- BK payment must be verified and included in DTI
- Borrower must have written permission from the court to enter into the mortgage transaction. Terms of mortgage must be approved and this written permission provided to the underwriter prior to a clear to close
- If the loan is during a BK, this will be a manual underwrite and adjustments will apply. An approve/eligible will not be received until the CH 13 is 2 years old.
- IF CH 13 is discharged, one year from discharge date must have elapsed.

#### Credit Counseling

See CH 13 guidelines – with the only difference being that the Credit Counseling Agency must provide written permission to enter into a mortgage transaction

#### Foreclosure

3 year waiting period from the date of the Recorded Sheriff's Deed transferring the property from the borrower's name. Proof of this date will be required

#### Short Sale

Borrower current at the time of Short Sale

- A borrower is considered eligible for a new FHA mortgage if, from the date of loan application for a mortgage loan all mortgage payments due on the prior mortgage were made within the month due for the 12 month period preceding the short sale, and
- All revolving and installment debt payments for the same time period were also made within the month due
- CAIVRS is clear

	<p>Borrower in Default at the time of Short Sale</p> <ul style="list-style-type: none"> <li>➤ A borrower in default on his or her mortgage at the time of the short sale (or pre-foreclosure) is not eligible for a new FHA loan for 3 years from the date of the pre-foreclosure sale.</li> </ul> <p><u>Higher Priced Mortgage Loans (HPML)</u> – Allowed per Reg. Z</p> <p>FSB will require a derogatory credit letter to accompany each file that explains all derogatory credit, regardless of the age, that shows on the credit report.</p>																										
<p><b>Divorce/Child Support</b></p>	<p>Divorce decree and/or child support order is required. Proof of receipt for 12 months of any payments being received or paid per the decree.</p> <p>If paying child support, borrower cannot be delinquent on payments at time of loan. Must be included in DTI</p>																										
<p><b>\$100 Down Payment on HUD REO Properties (Denver &amp; Atlanta HOC Only)</b></p>	<p>The maximum total loan amount including UFMIP will be limited to 100% of the as-is appraised value. Each transaction will have to be evaluated for eligibility and ability to finance the UFMIP in the total loan amount. The final determination will depend on the as-is appraised value and sales price. It will not be possible to finance part of the UFMIP to 100% LTV and the remaining in cash. UFMIP will be either totally financed into the loan amount or totally paid in cash.</p> <p>In the scenario below, the as-is appraised value supports a maximum loan amount that includes UFMIP</p> <table border="1" data-bbox="451 1104 1490 1417"> <tr> <td><b>Purchase Price</b></td> <td><b>\$100,000</b></td> </tr> <tr> <td><b>Appraised Value (as-is value from HUD Appraisal)</b></td> <td><b>\$102,000</b></td> </tr> <tr> <td><b>Minimum Down Payment as approved by HUD and list in HUD Sales Contract (HUD-9548)</b></td> <td><b>\$100</b></td> </tr> <tr> <td><b>Maximum Base Loan Amount</b></td> <td><b>\$99,900</b></td> </tr> <tr> <td><b>UFMIP (\$99,900 X 1.75%)</b></td> <td><b>\$1,748</b></td> </tr> <tr> <td><b>Total Loan Amount (including financed UFMIP)</b></td> <td><b>\$101,648</b></td> </tr> <tr> <td><b>Total LTV</b></td> <td><b>99.65% This LTV is Eligible</b></td> </tr> </table> <p>In the below scenario, the as-is appraised value is the same as sales price and does not support a maximum loan amount that includes UFMIP</p> <table border="1" data-bbox="451 1535 1490 1810"> <tr> <td><b>Purchase Price</b></td> <td><b>\$100,000</b></td> </tr> <tr> <td><b>Appraised Value (as-is value from HUD Appraisal)</b></td> <td><b>\$100,000</b></td> </tr> <tr> <td><b>Minimum Down Payment as approved by HUD and list in HUD Sales Contract (HUD-9548)</b></td> <td><b>\$100</b></td> </tr> <tr> <td><b>Maximum Base Loan Amount</b></td> <td><b>\$99,900</b></td> </tr> <tr> <td><b>UFMIP (\$99,900 X 1.75%)</b></td> <td><b>\$1,748</b></td> </tr> <tr> <td><b>Total Loan Amount (including financed UFMIP)</b></td> <td><b>\$101,648</b></td> </tr> </table>	<b>Purchase Price</b>	<b>\$100,000</b>	<b>Appraised Value (as-is value from HUD Appraisal)</b>	<b>\$102,000</b>	<b>Minimum Down Payment as approved by HUD and list in HUD Sales Contract (HUD-9548)</b>	<b>\$100</b>	<b>Maximum Base Loan Amount</b>	<b>\$99,900</b>	<b>UFMIP (\$99,900 X 1.75%)</b>	<b>\$1,748</b>	<b>Total Loan Amount (including financed UFMIP)</b>	<b>\$101,648</b>	<b>Total LTV</b>	<b>99.65% This LTV is Eligible</b>	<b>Purchase Price</b>	<b>\$100,000</b>	<b>Appraised Value (as-is value from HUD Appraisal)</b>	<b>\$100,000</b>	<b>Minimum Down Payment as approved by HUD and list in HUD Sales Contract (HUD-9548)</b>	<b>\$100</b>	<b>Maximum Base Loan Amount</b>	<b>\$99,900</b>	<b>UFMIP (\$99,900 X 1.75%)</b>	<b>\$1,748</b>	<b>Total Loan Amount (including financed UFMIP)</b>	<b>\$101,648</b>
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# FHA Program (203b)

revised 1/26/2015

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<b>New Total Loan Amount</b>	<b>\$99,900</b>						
<p><b>90 Day Resale Rule</b></p>	<p>The term property flipping refers to a practice whereby recently acquired property is resold for a considerable profit with an artificially inflated value, often abetted by a lender's collusion with an appraiser.</p> <ul style="list-style-type: none"> <li>➤ The restrictions do not apply to a builder selling a newly built home or building a home for a borrower.</li> <li>➤ The sale must be by the owner of record.</li> <li>➤ Appraisers are required to analyze any prior sales of a subject property in the previous three years for one to four family residential properties.</li> <li>➤ If a property is re-sold 90 days or fewer following the date of acquisition by the seller, the property is not eligible.</li> <li>➤ A lender must obtain a second appraisal by another appraiser if:             <ul style="list-style-type: none"> <li>• the re-sale date of a property is between 91 and 180 days following the</li> <li>• Acquisition of the property by the seller, and the re-sale price is 100 percent or more over the price paid by the seller when the property was acquired.</li> </ul> </li> </ul> <p>FHA reserves the right to require additional documentation from a lender to support the re-sale value of a property if:</p> <ul style="list-style-type: none"> <li>➤ the re-sale date is more than 90 days after the date of acquisition by the seller, but before the end of the twelfth month following the date of acquisition,</li> </ul> <p>and</p> <ul style="list-style-type: none"> <li>➤ the re-sale price is 5 percent or greater than the lowest sale price of the property during the preceding 12 months.</li> </ul> <p>The temporary waiver of FHA's regulation that prohibits the use of FHA financing to purchase single family properties that are being resold within 90 days of the previous acquisition, expires on December 31, 2014.</p> <p>The waiver applies to all sales contracts executed on or after February 1, 2010, until 11:59 PM, December 31, 2014. FHA deems a sales contract to be executed when all parties to the contract have signed the contract, and the contract is enforceable under the law of the state where the property is located. Mortgages that are made on properties in which sales contracts have been executed after 11:59 PM, December 31, 2014, are not eligible for a waiver of the</p>						

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# FHA Program (203b)

revised 1/26/2015

	<p>regulation prohibiting property flipping. FHA will not extend the waiver beyond December 31, 2014.</p> <p>FHA's property flipping regulation 24 CFR 203.37a is available at <a href="http://www.ecfr.gov/cgi-bin/text-idx?rgn=div8&amp;node=24:2.1.1.2.4.1.88.39">http://www.ecfr.gov/cgi-bin/text-idx?rgn=div8&amp;node=24:2.1.1.2.4.1.88.39</a></p> <p>For more information about property flipping see Handbook 4155.2: 4.7 at <a href="http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/handbooks/hsgb">http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/handbooks/hsgb</a></p>
<p><b>Appraisal Requirements</b></p>	<p>Refer to the National HOC Reference guide and Appraisal Requirements, Documentation, and Evaluation Chapters Appendix D of Handbook 4150.2, CHG-1, Valuation Analysis for Home Mortgage Insurance for Single Family One- to Four- Unit Dwellings, has been updated and becomes effective for all appraisals performed on or after January 1, 2006.</p> <p>Revised Appendix D will be available online at: <a href="http://www.hudclips.org/cgi/index.cgi">http://www.hudclips.org/cgi/index.cgi</a></p> <p>All valuation conditions, including repairs, alterations and/or required inspections, will be reported within the appropriate section of the applicable Fannie Mae appraisal reporting form.</p> <p>For 2-4 unit properties - appraiser to use FNMA 1025 Small Residential Income Property Appraisal Report Form</p> <p>Appraisal must comply with the FHA Appraisal Independence Policy</p> <p>HUD REO properties a new appraisal is not required unless one or more applies as follows:</p> <ul style="list-style-type: none"> <li>➤ The current “as is” appraisal is over 4 months old and a valid HUD contract was not executed prior to the expiration date of the appraisal</li> <li>➤ (In instances where the “as is” appraisal is more than 4 months old and a valid HUD sales contract was executed prior to the expiration date of the appraisal, the current “as is” appraisal should be used)</li> <li>➤ The current “as is” appraisal is over 4 months old and the purchasers have not already been approved for the loan</li> <li>➤ A copy of the appraisal was ordered from the “Marketing and Management (M&amp;M) contractor” but the M&amp;M contractor is unable to provide the report.</li> </ul> <p>A Compliance Certification is required for follow-up repairs or completion of items on any new construction loan.</p> <p>Second Appraisal: The second appraisal requirements are as follows.</p> <ul style="list-style-type: none"> <li>➤ An FHA roster appraiser must perform the appraisal in compliance with all FHA appraisal reporting requirements (i.e. an FHA appraisal)</li> <li>➤ The lender may not use an appraisal completed for a conventional loan even if it was completed by an FHA roster appraiser</li> <li>➤ The lender may not charge the cost of the second appraisal to the homebuyer</li> </ul> <p>The lender must not use this appraisal for case processing and must not enter it into FHA Connection</p>
<p><b>Assets</b></p>	<p>Borrower Investment</p>

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**Purchase Transactions – Sections 203b and 234c**

- Minimum down payment is 3.5% of the sale price or appraised value, whichever is less
- The 3.5% cannot be met by borrower-paid closing costs, prepaid expenses, commitment fees or discount points or premium pricing
- Prepaid expenses and/or closing costs may be paid with premium pricing (subject to compensation rules)

**Seller Contributions**

- 6% Max
- Seller contributions limited to:
  - Discount points
  - Seller-Paid closing costs
  - Prepaid expenses
  - UFMIP (entire)

**Gifts**

- Eligible to use toward all down payment, closing costs and prepaids
- Gift must come from a close family member (child, parent, grandparent, spouse, adopted son or daughter, stepson or stepdaughter) or have a long standing relationship (must be able to document) with the borrower
- Gift given in the form of Cash is not allowed

**Documentation Required for Gift Funds**

- Documentation of gift funds must include:
  - Gift letter executed by party providing gift and borrower receiving gift
  - Copy of cancelled check or wire receipt if being sent directly to title company for the closing
  - Copy of donor's bank statement to prove they had funds to give
  - Copy of borrower's bank statement to show deposit of funds (not required if wire is sent directly to the title company and proof of wire is provided). Gaps in bank statements are not allowed. Please provide the full printout from the bank from the date of the last bank statement provided. Large deposits outside of the gift deposit will need to be sourced.

**Down Payment Assistant Programs**

- Single Family, One unit Only
- Second Trust Deed provided by Government Entity
- Non Profit Organizations – Not Allowed
- Must provide the “complete” documents outlining the terms for the DPA 2<sup>nd</sup>
- If not a silent second, terms have to be provided to FSB to calculate into housing and debt to income ratios

**Reserves**

- 1-2 units – none
- 3-4 units – 3 months PITI
- If using “significant reserves” as a compensating factor, a minimum 3 months PITI must be documented. Only retirement accounts accessible for liquidation may be counted as reserves

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	<ul style="list-style-type: none"> <li>➤ Accounts not accessed for liquidation by the borrower until retirement age may not be counted as part of the borrower reserves</li> </ul>
<p><b>Assumptions</b></p>	<p>Permitted – credit worthy borrowers only</p>
<p><b>Borrower Eligibility</b></p>	<p><i><b>Eligible</b></i>  All Borrowers, including permanent resident aliens, must have a valid social security number. Validate the social security number using any one of the following:</p> <ul style="list-style-type: none"> <li>➤ Social Security Card</li> <li>➤ Paystub</li> <li>➤ W-2</li> <li>➤ Tax Transcript</li> <li>➤ Validation from SSA</li> </ul> <p>Permanent Resident Aliens</p> <ul style="list-style-type: none"> <li>➤ Same eligibility requirements as US Citizens</li> <li>➤ Evidence of lawful, permanent residency issued by the Bureau of Citizenship and Immigration Services (BCIS) formerly the INS</li> <li>➤ Copy of the Alien Registration Receipt Card (Resident Alien Card), I-551</li> </ul> <p><i><b>Ineligible</b></i></p> <ul style="list-style-type: none"> <li>➤ Foreign Nationals</li> <li>➤ Non-Permanent Resident Aliens</li> <li>➤ Inter Vivos Trust</li> <li>➤ Land Trusts</li> </ul>
<p><b>Co-borrower/Co-Signors</b></p>	<p><b>Co-Borrower</b></p> <ul style="list-style-type: none"> <li>➤ Co-borrower <b>must take title</b> to the property</li> <li>➤ Co-borrower must sign all documents including the Loan Application, Note and the Mortgage/Deed of Trust</li> <li>➤ The co-borrower cannot be the seller, builder, real estate agent, etc. <b>unless</b> the seller is a parent*.</li> <li>➤ Income, assets and debts from all borrowers (including co-borrowers) are used in qualifying</li> <li>➤ Co-borrower must have a principal residence in the U.S.</li> <li>➤ Co-borrower <b>does not</b> have to occupy the subject property.</li> <li>➤ <b>If the LTV exceeds 75% and the co-borrower(s) will not occupy</b>, the following additional requirements must be met: <ul style="list-style-type: none"> <li>• Subject must be a 1-unit property</li> <li>• The Co-borrower(s) must be a close family member (child, parent, grandparent, spouse, adopted son or daughter, stepson, stepdaughter) or have a long-standing relationship (must be able to document) with the borrower <ol style="list-style-type: none"> <li>a. If the co-borrower is unrelated or does not have a long standing relationship with the borrower, the maximum LTV is 75%</li> <li>b. *If a parent is selling to a child, the parent cannot be the co-borrower unless the LTV ≤ 75%</li> </ol> </li> </ul> </li> </ul> <p><b>Co-Signer</b></p> <ul style="list-style-type: none"> <li>➤ Co-signer <b>must</b> sign the loan application and the Note</li> </ul>

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	<ul style="list-style-type: none"> <li>➤ Co-signer <b>does not take title</b> to the property</li> <li>➤ Co-Signer <b>does not sign the Mortgage/Deed of Trust or the Sales Contract.</b></li> <li>➤ Income, assets and debts from the co-signer are used in qualifying</li> <li>➤ Co-signer must have a principal residence in the U.S.</li> <li>➤ The co-signer cannot be the seller, builder, real estate agent etc. <b>unless</b> the seller is a parent*.</li> <li>➤ Co-Signer <b>does not</b> have to occupy the subject property.</li> <li>➤ <b>If the LTV exceeds 75% and the co-signer(s) will not occupy</b>, the following additional requirements must be met:             <ul style="list-style-type: none"> <li>• <b>Subject must be a 1-unit</b> property</li> <li>• The Co-signer(s) must be a close family member (child, parent, grandparent, spouse, adopted son or daughter, stepson, stepdaughter) or have a long-standing relationship (must be able to document) with the borrower                 <ul style="list-style-type: none"> <li>a. If the co-signer is unrelated or does not have a long standing relationship with the borrower, the maximum LTV is 75%</li> </ul> </li> <li>• *If a parent is selling to a child, the parent cannot be the co-signer unless the LTV ≤ 75%</li> </ul> </li> </ul> <p><b>Non-Occupant Co-Borrowers must always have a qualifying credit score.</b></p>
<p><b>Documentation</b></p>	<p>Document as determined by AUS findings, FHA Manual and FSB guidelines.</p> <p>Credit docs expire after 90 days</p> <p>Electronic Signatures are allowed</p>
<p><b>Escrow Holdback for Repairs</b></p>	<ul style="list-style-type: none"> <li>➤ Allowed up to \$5000. Max amount must include bid for repairs and 150% of bid</li> <li>➤ Can only include repairs noted by the appraiser to bring home to HUD requirements.</li> <li>➤ Escrow Holdback Agreement must be signed by the borrower and seller (as applicable)</li> <li>➤ Final Inspection and final invoice required to release funds</li> <li>➤ Repairs not to exceed 30 days to complete</li> <li>➤ Repairs can only be completed by a licensed contractor or if state does not require licensing, contractor must be verifiable and have valid insurance.</li> <li>➤ Repairs cannot be completed by the borrower – no exceptions</li> <li>➤ Weather related repairs will be acceptable, but must be completed at the first available opportunity or a penalty may be incurred.</li> <li>➤ Loan must be locked for enough time to cover the repairs/renovations and release of the funds</li> </ul>
<p><b>Identity of Interest Transactions</b></p>	<p>Per ML 12-3 for the purpose of Identity of Interest transactions, the definition of family member includes:</p> <ul style="list-style-type: none"> <li>➤ Child, Parent or Grandparent</li> <li>➤ Spouse</li> <li>➤ Legally adopted son or daughter, including a child who is placed with the borrower by an authorized agency for legal adoption</li> <li>➤ Foster child</li> <li>➤ Brother, Step-brother</li> <li>➤ Sister, Step-sister</li> </ul>

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	<p>➤ Uncle or Aunt</p> <p>Note: a child is defined as a son, steps-on, daughter or step-daughter. A parent or grandparent includes a step-parent/grandparent or foster parent/grandparent.</p> <p>Identity of Interest transactions may result in a reduced maximum loan-to-value limitation.</p>
<p><b>Income Documentation for Self-Employed Borrowers</b></p>	<p>A Profit &amp; Loss Statement (P&amp;L) and Balance Sheet are required if more than a calendar quarter has elapsed since the date of the most recent calendar or fiscal year-end tax return filed by the borrower – with no exceptions. Income used to qualify the borrower may NOT exceed the two year average of tax returns. FSB does not accept audited P&amp;L or signed quarterly tax returns used to increase qualifying income.</p> <p><b>Question:</b> If a loan application is dated May 1st and the last tax filing was for the previous calendar year, do we need a year-to-date Profit and Loss statement for a self-employed borrower?</p> <p><b>Answer:</b> Yes, no more than one calendar quarter may elapse without income documentation</p>
<p><b>Internet Links</b></p>	<p>To access Mortgagee Letters, National HOC Reference Guide, HOC Letters, Handbooks, go to:  <a href="http://portal.hud.gov/hudportal/HUD?src=/groups/lenders">http://portal.hud.gov/hudportal/HUD?src=/groups/lenders</a></p>
<p><b>Limitations on Other Real Estate Owned</b></p>	<p>To prevent circumvention of the restrictions on FHA-insured mortgages to investors, <b>FHA generally will not insure more than one mortgage for any borrower</b> (transactions in which an existing FHA mortgage is paid off and another FHA mortgage is acquired are acceptable). Any person individually or jointly owning a home covered by a mortgage insured by FHA in which ownership is maintained may not purchase another principal residence with FHA mortgage insurance except under the situations described below. Properties previously acquired as investment properties are not subject to these restrictions.</p> <p>FHA will not insure a mortgage if FHA concludes that the transaction was designed to use FHA mortgage insurance as a vehicle for obtaining investment properties, even if the property to be encumbered will be the only one owned using FHA mortgage insurance.</p> <p>FHA does not object to homebuyers using FHA mortgage insurance more than once if compatible with the homebuyer's needs and resources as follows (HUD Handbook 4155.1: 4.B.2.c-d):</p> <ul style="list-style-type: none"> <li><b>A. Relocations.</b> If the borrower is relocating and re-establishing residency in another area not within reasonable commuting distance from the current principal residence, the borrower may obtain another mortgage using FHA insured financing and is not required to sell the existing property covered by a FHA-insured mortgage. The relocation need not be employer mandated to qualify for this exception. Further, if the borrower returns to an area where he or she owns a property with an FHA-insured mortgage, it is not required that the borrower re-establish primary residency in that property in order to be eligible for another FHA insured mortgage.</li> <li><b>B. Increase in Family Size.</b> The borrower may be permitted to obtain another home with an FHA-insured mortgage if the number of legal dependents increases to the point that the present house no longer meets the family's needs. The borrower</li> </ul>

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	<p>must provide satisfactory evidence of the increase in dependents and the property's failure to meet the family's needs. The borrower also must pay down the outstanding FHA mortgage (secondary liens do not need to be paid off or paid down) on the present property to a 75 percent or lower loan-to-value (LTV) ratio. A current residential appraisal must be used to determine LTV compliance. Tax assessments, market analyses by real estate brokers, etc., are not acceptable as proof of LTV compliance.</p> <p><b>C. Vacating a Jointly Owned Property.</b> If the borrower is vacating a residence that will remain occupied by a co-borrower, the borrower is permitted to obtain another FHA-insured mortgage. Acceptable situations include instances of divorce, after which the vacating ex-spouse will purchase a new home, or one of the co-borrowers will vacate the existing property.</p> <p><b>D. Non-Occupying Co-Borrower.</b> A non-occupying co-borrower on property being purchased with an FHA-insured mortgage as a principal residence by other family members may have a joint interest in that property as well as in a principal residence of their own with a FHA-insured mortgage. (See HUD Handbook 4155.1 for additional information).</p> <p>Under no circumstances may investors use the exceptions described above to circumvent FHA's ban on loans to private investors and acquire rental properties through purportedly purchasing "principal residences".</p> <p>Considerations in determining the eligibility of a borrower for one of these exceptions are the length of time the previous property was owned by the borrower and the circumstances that compel the borrower to purchase another residence with an FHA-insured mortgage. In all other cases, the purchasing borrower either must pay off the FHA-insured mortgage on the previous residence or terminate ownership of that property before acquiring another FHA-insured mortgage.</p>
<b>Loan Amount</b>	<p>Minimum Loan Amount: \$35,000</p> <p>Loan Amount below \$50,000 allowed on O/O, Purchase &amp; Rate/Term only</p>
<b>Mortgage Insurance</b>	<p>Mortgage Insurance is required on all loans.</p> <p>The section of the Act under which the loan will be insured determines the mortgage insurance to be used.</p> <p><b>Sections 203b, and 234c (Condos)</b></p> <ul style="list-style-type: none"> <li>➤ Up Front MIP (UFMIP) is required</li> <li>➤ Monthly MIP is required – see charts</li> </ul> <p>Refer to the <i>FHA Mortgage Insurance Premium Matrix</i> (attached) for details on UFMIP and monthly MIP</p>
<b>Occupancy</b>	<p>Primary Residence</p>
<b>Pre-Payment Penalty</b>	<p>Not permitted. However, if refinancing and the payoff check for the existing loan is not received by the servicing lender by the first day of the month, the lender may collect interest on the existing loan through the end of the month.</p>
<b>Property Inspection</b>	<p>This section pertains to property inspections required as part of 90 resale waiver.</p>

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	<p>Required if the resale price of the property is greater than 20 percent above the seller's acquisition cost</p> <ul style="list-style-type: none"> <li>➤ Property inspection report must be provided to the buyer before closing</li> <li>➤ The borrower, lender, or mortgage broker may order the property inspection</li> <li>➤ The lender or mortgage broker may charge the borrower for the inspection report.</li> </ul> <p>If the inspection report notes repairs are required because of structural or "health and safety" issues, those repairs must be completed prior to closing. After completion of repairs to address structural or "health and safety" issues, the inspector must conduct a final inspection to determine if the repairs have been completed satisfactorily and eliminated the structural or "health and safety" issues. The borrower, lender or mortgage broker may order the final inspection</p>																																																
<p><b>Monthly Mortgage Insurance</b></p>	<p>Monthly mortgage insurance is for the life of the loan and must be shown in the payment stream correctly for the TIL APR to be correct.</p> <table border="1" data-bbox="451 793 1511 1213"> <thead> <tr> <th colspan="4">Term &gt; 15 Years</th> </tr> <tr> <th>Base Loan Amt</th> <th>LTV</th> <th>Previous MIP</th> <th>New MIP</th> </tr> </thead> <tbody> <tr> <td>≤ \$625,500</td> <td>≤ 95.00%</td> <td>130 bps</td> <td>80 bps</td> </tr> <tr> <td>≤ \$625,500</td> <td>&gt; 95.00%</td> <td>135bps</td> <td>85 bps</td> </tr> <tr> <td>&gt; \$625,500</td> <td>≤ 95.00%</td> <td>150 bps</td> <td>100 bps</td> </tr> <tr> <td>&gt; \$625,500</td> <td>&gt; 95.00%</td> <td>155 bps</td> <td>105 bps</td> </tr> <tr> <th colspan="4">Term ≤ 15 Years</th> </tr> <tr> <td>≤ \$625,500</td> <td>≤ 90.00%</td> <td>45 bps</td> <td>45 bps</td> </tr> <tr> <td>≤ \$625,500</td> <td>&gt; 90.00%</td> <td>70 bps</td> <td>70 bps</td> </tr> <tr> <td>&gt; \$625,500</td> <td>≤ 78.00%</td> <td>45 bps</td> <td>45 bps</td> </tr> <tr> <td>&gt; \$625,500</td> <td>78.01 – 90.00%</td> <td>70 bps</td> <td>70 bps</td> </tr> <tr> <td>&gt; \$625,500</td> <td>&gt;90.00%</td> <td>95 bps</td> <td>95 bps</td> </tr> </tbody> </table>	Term > 15 Years				Base Loan Amt	LTV	Previous MIP	New MIP	≤ \$625,500	≤ 95.00%	130 bps	80 bps	≤ \$625,500	> 95.00%	135bps	85 bps	> \$625,500	≤ 95.00%	150 bps	100 bps	> \$625,500	> 95.00%	155 bps	105 bps	Term ≤ 15 Years				≤ \$625,500	≤ 90.00%	45 bps	45 bps	≤ \$625,500	> 90.00%	70 bps	70 bps	> \$625,500	≤ 78.00%	45 bps	45 bps	> \$625,500	78.01 – 90.00%	70 bps	70 bps	> \$625,500	>90.00%	95 bps	95 bps
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<p><b>Secondary Financing/Down Payment Assistance Programs</b></p>	<p><b>Permitted as long as the DPA program is HUD approved and meets FHA secondary financing guidelines.</b></p>																																																
<p><b>Special Requirements/Restrictions</b></p>	<p>Maximum 7 day interest credit on FHA purchase transactions</p> <p>HUD REO properties: Refer to link for State specific program updates and availability <a href="http://portal.hud.gov/portal/page/portal/HUD/topics/hud_homes">http://portal.hud.gov/portal/page/portal/HUD/topics/hud_homes</a></p> <p><b>NOTE: The Energy Efficient Mortgage Program is not available.</b></p> <p>Form 4506-T must be processed prior to underwriting.</p> <ul style="list-style-type: none"> <li>➤ A new IRS Form 4506 T is required to be signed with the closing package as well as at application even when the form has been processed.</li> </ul>																																																

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**Mortgage Credit Certificate (MCC)/Section 8 Vouchers**

- Ineligible

**Non-Purchasing Spouse in a Community Property State**

Community Property States are as follows.

Arizona  
California  
Idaho  
Louisiana  
Nevada  
New Mexico  
Texas  
Washington  
Wisconsin

**If property is located in a community property state, or the borrower resides in a community property state, the following requirements apply**

- A credit report for the non-purchasing spouse is required to determine any joint or individual debts. The spouse's authorization to pull a credit report must be obtained. If the spouse refuses to provide authorization for the credit report, the loan must be rejected
- Even if the non-purchasing spouse does not have a social security number, the credit reporting company should verify that the non-purchasing spouse has no credit history and no public records recorded against him/her.
- Credit Company should be given non-purchasing spouse information: Name(s), address, birth date and any other significant information requested in order to do the records check.
- The debts of the non-purchasing spouse must be considered in the qualifying ratios. If the debts are the sole responsibility of the non-purchasing spouse, do not consider debt in the DTI. Refer to the chart below for obligations specifically excluded by state law for AZ, NV and WI.
- The greater of the monthly payment amount or 5% of the outstanding balance if minimum payment is not reflected on credit report if the non-purchasing spouse must be included in the qualifying ratios
- All defaulted federal debt, open judgments and liens, including those of the non-purchasing spouse, must be satisfied prior to or at closing.
- Disputed debts of the non-purchasing spouse need not be counted provided the file contains documentation to support the dispute.
- Credit history of the non-purchasing spouse should not be the basis for declining the loan

State	When are community property state laws effective	Includes debts in DTI analysis (ratios)	Exclude debts in DTI analysis if acquired prior to the marriage
Arizona	Married and domicile in same state	Yes, exclusions apply	Yes
California			
Idaho			
Louisiana	Married and domicile in same state	Yes, unless spouse agrees to waive Homestead Rights	No, can be excluded with a specific pre-marital agreement
Nevada			
New Mexico	Married and domicile in same state	Yes	No, can only be excluded with a specific pre-marital agreement
Texas	Married and domicile in same state	Yes	No, can only be excluded with a specific pre-marital agreement
Washington	Married and domicile in same state	Yes, exclusions apply (see below), as long as proceeds are not provided to non-purchasing spouse or joint assets of the spouse are used in the transaction	Yes, as long as proceeds are not provided to non-purchasing spouse or joint assets of the spouse and non-purchasing spouse are used in the same transaction
Wisconsin	Determination date (either day of marriage and/or date domicile was established in WI) or 1/1/1986 and later (effective date of the	Yes	Yes

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	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;"></td> <td style="width: 33%; text-align: center;">Marriage Property Act)</td> <td style="width: 33%;"></td> </tr> </table> <p><b>Additional State Specific Restrictions:</b></p> <p><b>Arizona</b>  The satisfaction of collections and judgments of non-purchasing spouses for FHA loans in AZ will no longer be required under the following circumstances:</p> <ul style="list-style-type: none"> <li>➤ The non-purchasing spouse is not contributing towards any of the down payment or costs on the transaction (including gifts or monies from joint accounts)</li> <li>➤ The non-purchasing spouse signs the title disclaimer in order to prevent any judgments from attaching to the property. (Condition at closing).</li> <li>➤ The non-purchasing spouse cannot sign the Deed of Trust/Security Instrument</li> </ul> <p><b>Louisiana</b>  The non-purchasing spouse is permitted to sign or intervene in the mortgage to indicate his/her intention to waive homestead exemption rights. Item #23 on the Mortgage addresses the Waiver of Homestead. When the non-purchasing spouse chooses to intervene in the mortgage to waive homestead exemption rights:</p> <ul style="list-style-type: none"> <li>➤ A copy of the recorded document (“Waiver of Interest and Ownership”), evidencing such waiver, must be included in the loan file. This document is executed and recorded at the time of the execution of the sales contract.</li> <li>➤ The Direct Endorsement Underwriter must condition the file (closing condition) for evidence that the non-purchasing spouse signed the mortgage as the “Intervenor”</li> <li>➤ Exclude debts of the non-purchasing spouse in the qualifying ratios.</li> </ul> <p><b>Washington</b>  Debts of the non-purchasing spouse are excluded from the qualifying ratios if the non-purchasing spouse receives no money from the transaction.</p> <p>When no funds are received from the transaction, the non-purchasing spouse may Quit Claim his/her interest to the purchasing spouse.</p> <p><b>Wood Destroying Insects/Organism Requirements</b>  FHA no longer mandates automatic inspections. Inspections are required if:</p> <ul style="list-style-type: none"> <li>➤ Evidence of active infestation</li> <li>➤ Mandated by the state or local jurisdiction</li> <li>➤ Customary to the area</li> <li>➤ At lender’s discretion</li> </ul>		Marriage Property Act)	
	Marriage Property Act)			
<p><b>Underwriting</b></p>	<p>Loans must be underwritten by a DE Underwriter</p> <p>May follow AUS Approve decision and documentation requirements.  Refer to <i>Credit</i> for additional restrictions</p> <p><b>AUS (TOTAL Scorecard)</b>  All loans must be submitted through FHA TOTAL Scorecard except Streamline loans.</p>			



## FHA Program (203b)

revised 1/26/2015

	<p>AUS Approve – All loan data submitted to AUS for Approve/Accept Finding must be accurate and validated. There should be no information that would cause a “manual downgrade” of the loan.</p>
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