FHA Program

FHA Program

Owner Occupied 1-4 Units

Transaction	Minimum Credit Score[1]	Maximum Loan Amount	Maximum LTV/CLTV
Purchase	580	FHA Mortgage Limits[6]	96.5[4]/96.5[2]
	550		90/90
No Cash-Out Refinance	580		97.75[3,4,5]/97.75[5]
	550		90/90
Simple Refinance	580		97.75[4,5]/97.75[5]
	550		90/90
Cash-Out	550		80[4]/80
Streamline	550		Max Base Loan Amt[6]/No Max CLTV

Minimum Credit Score

[1] Minimum Credit Score for Manually Underwritten loans is 580

LTV Restrictions

[2] Max CLTV – See Secondary Financing Section

[3] Max LTV 85% if not Owner Occupied for previous 12 months

[4] See Borrower Eligibility for Non-Occupying Borrower

[5] Max 85% LTV/CLTV for HUD Approved Secondary Residence

[6] Max LTV/Loan Amounts for Streamline Refinances based on Calculation per HUD 4000.1 Guidelines

Minimum Loan Amount for all Transaction Types

$50,000.00

Upfront Mortgage Insurance Premium (UFMIP)

All mortgage: 175 Basis Points (bps) (1.75%) of the Base Loan Amount

Mortgage Term of More Than 15 Years

Base Loan Amount	LTV	Annual MIP (bps)	Duration
Less than or equal to $726,200	≤90.00%	50	11 Years
	>90.00% but ≤95%	50	Mortgage Term
	>95%	55	Mortgage Term
Greater than $726,200	≤90.00%	70	11 Years
	>90.00% but ≤95%	70	Mortgage Term
	>95%	75	Mortgage Term

Mortgage Term of Less than or Equal to 15 Years

Base Loan Amount	LTV	Annual MIP (bps)	Duration
Less than or equal to $726,200	≤90.00%	15	11 Years
	>90.00%	40	Mortgage Term
Greater than $726,200	≤78.00%	15	11 Years
	>78.00% but ≤90.00%	40	11 Years
	>90.00%	65	Mortgage Term

Streamline Refinance & Simple Refinance

All Mortgage Terms

Base Loan Amount	LTV	Annual MIP (bps)	Duration
All	≤90.00%	55	11 Years
	>90.00%	55	Mortgage Term

Note: Refinance of a previous mortgage endorsed on or before May 31, 2009, refer to the HUD 4000.1 Handbook Appendix 1.0 - Mortgage Insurance Premiums

Program Requirements

Note: Refer to the HUD 4000.1 Handbook for any topic not addressed in this matrix and for complete details and requirements

Appraisal	• Must be completed by FHA-approved appraiser • Must meet FHA Minimum Property Requirements (MPR) and Minimum Property Standards (MPS) • Appraisal can never be ordered prior to FHA Case# • Every appraisal version must be uploaded to EAD and logged in FHA Connection (FHAC)
Assets	• All funds to close and reserves, if required, must come from an acceptable source. • Large Deposits over 50% of total monthly qualifying income must be sourced, documented and explained; if not from an acceptable source, the funds cannot be used for Borrower's MRI or funds to close **Refer to FHA Handbook II.A.4.d. and II.A.5.c. for complete details and requirements**
	Gift Funds Acceptable to be used for borrower's Minimum Required Investment (MRI): • Must be from an acceptable donor and evidence of receipt and transfer is required; • Cash on hand is not an acceptable source of gift funds;

	• Gifts of Equity are acceptable on purchase transactions between family members
	Reserves For loans underwritten using Total Mortgage Scorecard, the amount of reserves required by Total Scorecard must be verified • Two months' PITIA reserves are required if the property is a one unit with an ADU • Three months' PITIA reserves are required if the property is a 3 to 4 Unit; must also pass self-sufficiency test For manually underwritten loans: • One month's PITIA reserves are required for one-to-2-unit properties • Two months' PITIA reserves are required for one unit with an ADU • Three months' PITIA reserves are required for 3-to-4-unit properties; must also pass self-sufficiency test
AUS	Total Scorecard through DU or LPA is acceptable **Refer to FHA Handbook II.A.4.a.v for situations that require a downgrade to a Manually underwritten loan**
Borrower Eligibility	• Each Borrower must have a valid Social Security Number • U.S. Citizens and Permanent Resident Aliens • Must be of legal age to enter into a legally enforceable mortgage Note where the property is located • All borrowers must have a clear CAIVR Alert • There can be no more than 4 borrowers per loan Ineligible Borrowers: • DACA Borrowers are not allowed • Non-Profit Entities or Organizations, Government agencies, Foreign Nationals and Non-Permanent Resident Aliens are not eligible except for: ○ Citizens of the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau are eligible **Refer to FHA Handbook II.A.1.b.ii and II.A.2.b.ii for full details and requirements**
	Non-Occupant Co-Borrowers are eligible: • Must either be a U.S. Citizen or have a Principal Residence in the U.S. • 75% Maximum LTV; Maximum financing can be allowed if: ○ The non-occupant co-borrower is a family member ○ The property is 1 unit ○ The transaction is not a family sale with seller as the non-occupant co-borrower • Rental Income may not be used to qualify • Not allowed for qualifying purposes on cash-out refinance transaction • The non-occupant co-borrower must take title to the property and sign the Note and Deed of Trust/Mortgage **Refer to FHA Handbook II.A.1.b.ii and II.A.2.b.ii for full details and requirements**
Build on Own Land	• Must have contracted with a builder that is a licensed general contractor • Borrower may be the general contractor if they are licensed • LTV is based on the lesser of the Appraised Value or Acquisition Cost • Date of the purchase of the land must be documented with the Closing Disclosure • Borrower may not receive any cash back for any additional equity in the property but may be reimbursed for their own cash expenditures **Refer to FHA Handbook II.A.8.k for full details and requirements**
Condominium	• Must be in a HUD Review and Approval Process (HRAP) approved project in FHAC • Single Unit Approval is not allowed • Site Condominiums, HUD REO and FHA Streamline Refinance transaction do not require Condominium Approval • Manufactured homes located in Condominium projects – Not Allowed **Refer to FHA Handbook II.C and II.A.8.p for full details and requirements**
Credit	• Each Borrower must have at least one traditional credit score • Transactions with cumulative balances of $1,000 or more for disputed Derogatory Credit must be downgraded to a Refer manually underwritten loan. This is not applicable to non-purchasing spouses in Community Property States • Any delinquent tax liens must be paid in full unless there is a repayment agreement with evidence of three months of scheduled payments paid on time **Refer to FHA Handbook II.A.4.b and II.A.5.b for full details and requirements**

Derogatory Credit Event	Total Scorecard	Manual Underwriting
All seasoning requirements must be met at the time of case number assignment		
Bankruptcy Chapter 7	2 years from discharge date	Case by case 1 year from discharge date with acceptable documented extenuating circumstances
Bankruptcy Chapter 13	2 years from discharge date	Minimum 12 months of pay-out
Foreclosure, Deed in lieu of Foreclosure and Pre-Foreclosure/Short Sale	3 years from title transfer	3 years from title transfer

Credit – Non-Borrowing Spouse	**Non-Borrowing Spouse in Community Property States** • If the borrower resides in a Community Property State or the subject property is in a Community Property State, the debts of the non-borrowing spouse must be included in the borrower's qualifying ratios, except for those specifically excluded by state law • Credit report must be obtained for the non-borrowing spouse • NBS's SSN must be matched with the SSA or other acceptable documentation **Refer to FHA Handbook II.A.4.b and II.A.5.b for full details and requirements**
Credit – Non-Traditional Credit	• Non-traditional credit or a non-traditional credit report is not allowed
Deed Restrictions	• Age Related Restrictions only. All other deed restrictions are ineligible
Document Age	• 120 Days – Credit/Assets/Income • 180 Day; may be extended 30 days – Appraisal **Refer to FHA Handbook II.A.1.a.1.(A).(1) for full details and requirements**
DPAs/MCCs	• theLender approved DPAs only
Escrow Waivers	• Not allowed
Escrow Repair Holdbacks	• Not Allowed; Any repairs required for the property to meet MPRs must be completed prior to closing
Geographic Restriction	**Ineligible** • HI • NY
Identity of Interest Transactions	An identity of interest transaction is a sale between parties with an existing business relationship or between family members. • The maximum LTV percentage for identity of interest transactions is limited to 85%. This includes a transaction between a tenant and landlord relationship • The maximum 85% LTV may be exceeded if: ○ The borrower is purchasing the principal residence of another family member; or ○ The property is owned by a family member where the borrower has been a tenant for at least six months immediately predating the sales contract; or ○ The borrower is an employee of a builder, who is not a family member, and purchasing one of the builder's new houses or models as a principal residence; or ○ The borrower is purchasing the property where they have been a tenant occupying the property for at least six months immediately predating the sales contract **Refer to FHA Handbook II.A.2.b.ii.(A) for complete details and requirements**
Income/Employment	• All borrower Effective Income must be reasonably likely to continue at least for the first three years of the Mortgage, or it may not be used in qualifying the borrower • When 4506 Transcripts are required, they are based on the income documentation type in the file **Refer to FHA Handbook II.A.4.c, II.A.5.b and Appendix 2.0 Analyzing IRS Forms for complete details and requirements**
	Employment Related/W2 Wage Earner • Overtime, Bonus and Tip may be used in the Effective Income for qualifying the borrower if earned consistently over a period of the past two years; It may also be considered in qualifying if less than two years but not less than one year and is reasonably likely to continue • If employed by a Family Member, signed personal Tax Returns or tax transcripts are required, along with documented evidence that the borrower does not have any ownership in the business
	Gaps in employment • For gaps of 6 months or more, the borrower must provide a letter of explanation for the gap and be employed in the same line of work for at least the past 6 months prior to the case number assignment date with a previous two-year work history prior to the absence
	Ineligible Income Types • Section 8 Housing Vouchers • Projected Income
	Rental Income • Rental Income from a One-Unit subject property with an Accessory Dwelling Unit (ADU) may be considered as Effective Income and must not exceed 30% of the total monthly Effective Income
	Self-Employment • Borrower is considered self-employed if they own 25% or more of the business • Must have a two-year history of self-employment. There may be instances where a period of one to two years may be considered in the Effective Income • Year to Date P&L and Balance sheet is required if more than a quarter of the calendar year has elapsed since the date of the most recent year-end tax period. A Balance Sheet is not required for self-employed Schedule C income. • Manual downgrade to Refer is required if there is 20% decline in income
	Tax Returns • Amended tax returns that increase the borrower's income are not allowed • When the tax return reflects money is owed to the IRS for the most recent tax year, evidence of three months of scheduled payments have been made on time to the IRS is required
Ineligible Programs	The following programs are not eligible: • 203(h) Disaster Victims

- 203(k) Rehabilitation Program
- 235 Refinance of Borrowers in Negative Equity Positions
- 247 Hawaiian Homelands
- 248 Indian Lands
- 255 HECM (Reverse Mortgage)
- Construction to Perm
- Energy Efficient Mortgage Program (EEM); including Solar and Wind Technologies
- FHA Assumption Program
- Graduated Payment Program
- Growing Equity Mortgages
- HUD REO Good Neighbor Next Door or $100 Down Sales Incentives
- Housing Authority Subsidies
- Loans to Non-Profit Organizations
- Loans under an Agency "Pilot Program"
- Temporary Buydowns
- Weatherization

Ineligible Transaction Types

- Loans to Non-Profit Organizations
- Short Payoff Refinances
- Land Trusts
- Assigned Sales Contracts
- Texas 50(a)(6)

Interest Party Contributions

- Interested Parties may contribute up to 6% of the sales price towards the borrower's closing costs and prepaids items and may not be used towards the Borrower's Minimum Required Investment
- Premium Pricing credits are excluded from the 6% limit
- Any contributions over 6% will result in a dollar-for-dollar reduction to the sales price

Refer to FHA Handbook II.A.4.d.iii.(G) and II.A.5.c.iii.(G) for complete details and requirements

Manual Underwriting

Allowed – must meet the following requirements:

Lowest Minimum Decision Credit Score	**Maximum Qualifying Ratios**	**Acceptable Compensating Factors**
580 and Above	31/43	Compensating factors are not required
580 and Above	37/47	One of the following: • Verified and documented cash reserves; • Minimal increase in housing payment; or • Residual income
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; and/or • Residual Income; and/or • Significant additional income not reflected in Effective Income

Refer to FHA Handbook II.A.5 d.viii for complete details and requirements

Manufactured Housing (MFH)

- Must have been constructed on or after June 15, 1976
- Minimum 400 square feet
- Minimum Doublewide MFHs or larger; Singlewide MFHs not allowed
- Must be considered real estate (real property
- Must be on a permanent foundation and meet Permanent Foundations Guide for Manufactured Housing (PFGMH) dated September 1996
- Finished grade elevation must be at or above 100-year Flood Elevation
- If located in FEMA Flood Zones A or V, not eligible
- Towing hitch and gear must be removed
- Manufactured Homes located in Condo Projects not allowed

Power of Attorney (POA)

May not be used for:

- Cash-out refinance
- Inter Vivos Revocable Trust (Living Trust)
- Identity of Interest or non-arm's length transactions
- Non-occupant borrowers

Property

- Seller must be the owner of record
- Property Flipping – Any property that is being resold 90 days or sooner after the seller's acquisition is ineligible
- **Refer to FHA Handbook II.A.1.b.iv and II.D for complete details and requirements**

Eligible Property Types

- 1 – 4 Units Stick Built
- Modular

	• Condominiums - Must be an FHA HRAP approved project • PUDs – attached and detached • Site Condos • Manufactured Homes – Doublewide or larger • Accessory Dwelling Unit (ADU) are eligible with a one-unit Single Family Dwelling **Refer to FHA Handbook II.A.1.b.iv and II.D for complete details and requirements**
	Ineligible Property Types • Assisted Living Properties • Bed and Breakfast Establishments • Boarding Houses • Commercial Properties • Condotels, Motels or Hotels • Co-ops • Contract for Deed • Fraternity or Sorority Houses • Hawaii Properties in Lava Zones 1 and 2 • Houseboats • Land only (unimproved or vacant land) • Manufactured Home Condos and Singlewide MFHs • Mixed Use • Native American Indian Trust Lands • Newly Constructed Properties Located in Military Airfield Accident Prone Zone 1 • Mobile Homes • Private Clubs • Properties with Condition/Quality Ratings of C5, C6, or Q6 • Properties Contaminated by Methamphetamine Production or Use • Properties with More than One Accessory Dwelling • Properties Located within 75 Feet of an Operating/Proposed Gas or Oil Well • Properties Located within 10 Feet of a Pipeline Easement or High-Pressure Gas Line • Properties Located within 300 Feet of Above/Below Ground Stationary Storage Tanks Containing more than 1000 Gallons of Explosive/Flammable Fuel (Includes Gas Stations) • Properties Located in Coastal Barrier Resources Systems (CBRS) • Properties that do not meet FHA MPR/MPS • Properties with a Property Assessed Clean Energy (PACE) obligations or PACE-like loans or assessments • Unique or non-traditional structures properties such as shouses, berm homes, log or Dome homes • Timeshares • Vacation Homes • Working Farms and Ranches **Refer to FHA Handbook II.A.1.b.iv and II.D for complete details and requirements**
Qualifying Rate	• Fixed Rate loans are qualified based on a P&I payment using the Note interest rate • ARM loans are qualified based on a P&I payment using the initial interest rate
Refinance	• Borrower Occupancy must be documented; If occupancy cannot be properly documented, the loan is not eligible • Temporary Interest Rate Buydowns are not permitted on refinance transactions • All FHA-to-FHA refinances require a Refinance Authorization Number from FHAC **Refer to FHA Handbook II.A.8.d. for complete details and requirements**
	Cash-Out • Subject property must be owned and occupied by at least one borrower as their Primary Residence for the 12 months prior to the case number assignment date; in cases of inheritance, an exception may be allowed • Borrower must have made their mortgage payments within the month due for the previous 12 months prior to the case number assignment date or since the borrower obtained the mortgage • A minimum of at least six months of consecutive mortgage payment must have been made on the current loan within the month due • Subject Property Rental Income from an ADU cannot be used as Effective Income in qualifying

	Rate and Term
	• Mortgage payment History for Manually Underwritten Loans:
	  ○ All mortgage payments must have been made within the month due for all mortgages with less than six months payment history prior to the case number assignment date
	  ○ All Mortgages with greater than six months payment history may not have more than one 30-day late payment for the previous six months prior to the case number assignment date
	• Buy Out of an existing title holder's equity may be considered Rate and Term
	• Maximum cash back is limited to $500.00

	Simple Refinance • Must be FHA to FHA only • Mortgage payment History for Manually Underwritten Loans:

	○ All mortgage payments must have been made within the month due for all mortgages with less than six months payment history prior to the case number assignment date ○ All Mortgages with greater than six months payment history may not have more than one 30-day late payment for the previous six months prior to the case number assignment date • Maximum cash back is limited to $500.00
	Streamline Refinances Credit and Non-Credit Qualifying • At least six full months must have passed since the first payment due date of the mortgage being refinanced • At least 210 days must have passed from the Closing Date of the Mortgage being refinanced • All Streamline Refinances must have a Net Tangible Benefit • If funds are needed to close, they must be verified and documented • HUD-Approved Secondary Residences and Non-owner Occupied are limited to Fixed Rate Mortgages • Maximum term is the lesser of: ○ The remaining term plus 12 years, or ○ 30 years • Maximum cash back is limited to $500.00
	Streamline Non- Credit Qualifying • Borrower must have made all Mortgage Payments for all mortgages on the subject property within the month due for the six months prior to the case number assignment date • All borrowers on the existing mortgage must remain on the new mortgage; See FHA 4000.1 Handbook for exceptions • Individuals may be added to title without any credit review • At least one borrower must have a traditional credit score • Verbal VOE or third-party verification for income source (employment) is required even if income is not required to be documented
	Streamline Credit Qualifying • At least six months payments must have been paid on the subject property mortgage • All mortgage payments, for all properties, must have been made within the month due with less than six months payment history prior to the case number assignment date • All Mortgages, for all properties, with greater than six months payment history may not have more than one 30-day late payment for the previous six months prior to the case number assignment date • All Borrowers must have at least one traditional credit score • At least one borrower on the existing mortgage must remain on the new mortgage
Secondary Financing	Secondary Financing must meet FHA requirements per HUD 4000.1 Handbook. Maximum CLTVs are as follows: • No Max CLTV if Secondary Financing provided by a Government Entity or HUD-Approved Non-Profit • Max CLTV of 100% if Secondary Financing provided by a Family Member, as defined by FHA • Max CLTV of 96.5% if Secondary Financing provided by Private Individuals and Other Organizations **Refer to FHA Handbook II.A.4.d.iii. (J) and II.A.5.c.iii.(J) for complete details and requirements**
Temporary Buydowns	• Refer to QM Temporary Buydown Matrix
Trusts	• Inter Vivos revocable "living" trusts for Primary Residence transactions only are allowed • If title is taken in an eligible living trust, a POA cannot be used • Title in Land Trusts are not allowed

	Eligible Terms				**Products Codes**
FIXED	FHA 15 Yr Fixed				GFFX15
	FHA 15 Yr Fixed Streamline				GFFX15SL
	FHA 15 Yr Fixed Streamline Stretch				GSFFX15SL
	FHA 15 Yr Fixed Stretch				GSFFX15
	FHA 20 Yr Fixed				GFFX20
	FHA 25 Yr Fixed				GFFX25
	FHA 25 Yr Fixed Stretch				GSFFX25
	FHA 30 Yr Fixed				GFFX30
	FHA Advantage 30 Yr Fixed				TNFHA30
	FHA 30 Yr Fixed HiBal				GFFX30NB
	FHA 30 Yr Fixed HiBal Streamline				GFFX30SLHB
	FHA 30 Yr Fixed HiBal Streamline Stretch				GSFFX30SLHB
	FHA 30 Yr Fixed HiBal Stretch				GSFFX30HB
	FHA 30 Yr Fixed Streamline				GFFX30SL
	FHA 30 Yr Fixed Streamline Stretch				GSFFX30SL
	FHA 30 Yr Fixed Stretch				GSFFX30
ARM	**Description**	**Index**	**Caps**	**Margin**	**Products Codes**
	FHA 3/1 ARM	CMT	1/1/5	2.00%	GFAL03
	FHA 5/1 ARM	CMT	1/1/5	2.00%	GFAL05