

Occupancy	Transaction Type	Number of Units	Max LTV/CLTV/HCLTV	Minimum Credit Score	
				Standard	High Balance
Primary Residence	Purchase	1-4 Units	96.5%*	Per AUS**	Per AUS
	Rate & Term Refinance	1-4 Units	97.75%	Per AUS	Per AUS
	Cash-Out	1-4 Units	80%	Per AUS	Per AUS
Owner Occupied	Simple Refinance	1-4 Units	97.75%	Per AUS	Per AUS
HUD Approved Secondary Residences		1 Unit	85%		
All Occupancy Types	Streamline Refinance	1-4 Units	N/A***	Per AUS	Per AUS

*Maximum LTV for [Identity of Interest transactions](#) is 85%.

**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.

***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 Does not include MSF Overlays. Refer to Our Library within AllRegs for MSF Overlays.	4000.1 FAQ	FHA FAQ Home	FHA Loan Limits	HUD.GOV	HUD Approved Condos
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Guidelines

Borrower Eligibility	<p>Eligible Borrowers:</p> <ul style="list-style-type: none"> 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 <p>Ineligible Borrowers:</p> <ul style="list-style-type: none"> 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 <p>4000.1 II A. 1. B. ii and 4000.1 II A. 1. B. ii. (A) (9)</p> <p>Non-Occupant Co-Borrowers:</p> <ul style="list-style-type: none"> 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.
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Cash Out Transactions	Income from a non-occupant co-borrower may not be used to qualify for a cash-out refinance.
	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.
	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)	<p>Mortgage Credit Certificates (MCC) are not permitted.</p> <p>Down Payment Assistance</p> <ul style="list-style-type: none"> • Manual underwrites are Ineligible • Manufactured homes are Ineligible • Down Payment Assistance and or Grants are acceptable if Homeownership Assistance Program is HUD approved for the property city, count, or state • MSF Retail Only: <ul style="list-style-type: none"> ○ Refer to MSF Down Payment Assistance guidelines for approved programs • TPO Only <ul style="list-style-type: none"> ○ Only Homeownership Assistance Program are eligible. ○ Programs requiring MSF to be an approved provider are Ineligible for TPO transactions.
Calculating Max LTV	<p>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.</p> <p>Under most programs, the maximum Mortgage is the lesser of the Nationwide Mortgage Limit for the area, or a percentage of the Adjusted Value.</p> <p>For purchase transactions, the Adjusted Value is the lesser of:</p> <ul style="list-style-type: none"> • purchase price less any inducements to purchase; or • the Property Value. <p>For refinance transactions:</p> <ul style="list-style-type: none"> • For Properties acquired by the Borrower within 12 months of the case number assignment date, the Adjusted Value is the lesser of: <ul style="list-style-type: none"> • the Borrower's purchase price, plus any documented improvements made subsequent to the purchase; or • the Property Value. • 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. • 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.



<p>Ineligible Programs</p>	<p>Ineligible programs include but are not limited to:</p> <ul style="list-style-type: none"> • Texas 50(a)(6) • Section 184 • Negative equity program (aka Short Refinance) • Home Equity Conversion Mortgage (HECM aka Reverse Mortgage) • FHA HAWK (Homeowners Armed with Knowledge) • Sweat Equity as down payment • Disaster Victims 203(h) • Temporary Buy-downs • TPO Only: Down Payment Assistance and or Grant programs that require MSF to be an approved provider
<p>Loan Amount Limits</p>	<p>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.</p> <p>High Balance loans are any loan amounts that exceed conforming loan limits. High Balance loan amounts must utilize a high balance product code.</p>
<p>Loan Terms</p>	<ul style="list-style-type: none"> • Standard Balance Fully Amortizing Fixed Rate: 15, 20, 25, & 30 year terms • High Balance Fully Amortizing Fixed Rate: 15 & 30 year terms • Standard Balance Fully Amortizing Three or Five Year Adjustable Rate Mortgage (3/1 ARM or 5/1 ARM): 30 year term, fully amortizing, 2.25% Margin, 1 year Constant Maturity Treasury Index (CMT Index), 1/1/5 Caps
<p>Manufactured Housing Requirements</p>	<ul style="list-style-type: none"> • Must be multi-wide. Single-wides are Ineligible • One unit only • Manufactured home must be in original placement. Documentation is required indicating the home has never been moved • At least 3 comparable sales must be manufactured home and support value • Comparable sales must have closed within the past six months <ul style="list-style-type: none"> ○ Sales may exceed six months, but never exceed twelve months <ul style="list-style-type: none"> ▪ Appraiser must provide acceptable commentary for comparable(s) that exceed six months. • Documentation Requirements <ul style="list-style-type: none"> ○ Appraiser to verify home is attached to permanent foundation ○ Title policy to include manufactured housing endorsement ○ Affixation affidavit signed by borrower at closing ○ Title must be purged prior to closing
<p>Evaluating Credit</p>	<p>The following link is to the Credit Requirements for TOTAL Scorecard section within AllRegs: http://www.allregs.com/AO/main.aspx?did2=4a27b5a5-b3f5-4119-990d-37e1282b0b41</p> <p>Topics covered included but not limited to:</p> <ul style="list-style-type: none"> • Disputed Accounts

	<ul style="list-style-type: none"> • Judgements • Bankruptcy • Short-sales • Foreclosure and Deed-in-Lieu of Foreclosure • Housing Obligations / Mortgage Payment History • 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. <p>The following link is to the Credit Requirements for Manual Underwrites: http://www.allregs.com/AO/main.aspx?did2=5472dc3d-d138-41bd-9206-cf7db85b2248 Topics covered are the same as listed above for TOTAL Scorecard however the requirements may vary based on a Manual Underwrite.</p>
<p>Gift Funds (Applicable to TPO ONLY)</p>	<p>Permitted for all credit qualifying loans with minimum FICO of 640</p>
<p>Property Types</p>	<p>1-4 Units, PUD's, Townhomes, Row homes, Manufactured Housing (see requirements above), and FHA Approved Condominiums are permitted.</p> <p>Ineligible Properties:</p> <ul style="list-style-type: none"> • 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
<p>Streamline Refinance</p>	<p>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.</p> <p>A tri-merge credit report can be used to solely validate the loan score and mortgage history. Mortgage only credit reports are allowed.</p> <p>Non-owner occupied properties and HUD-approved second homes are only eligible for Streamline Refinancing into a fixed rate mortgage.</p> <p>Do not run FHA's Total Scorecard (DU or LP). All streamline refinance transactions are manual underwrites.</p>
<p>Underwriting</p>	<p>FHA Total Scorecard/AUS must be run on all FHA loans with the exception of Streamline Refinance transactions, which manual underwriting is required.</p> <p>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</p>

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:
<http://www.allregs.com/AO/main.aspx?did2=df9a40c9-b900-4c55-9d16-683e0d23e7cd>

Lowest Minimum Decision Credit Score	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: <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • Verified and documented cash reserves; • Minimal increase in housing payment; • Significant additional income not reflected in Effective Income; and/or



			<ul style="list-style-type: none"> Residual income.
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