

Primary Residence

Purchase Transactions

Property Type ²	Maximum Base Loan Amount	Min Credit Score ²	Max LTV/CLTV ¹
1-4 Units	FHA Mortgage Limits	580	96.5%

Rate & Term Refinance Transactions

Property Type ²	Maximum Base Loan Amount	Min Credit Score ²	Max LTV/CLTV ¹
1-4 Units	FHA Mortgage Limits	580	97.75%

Cash Out Refinance Transactions

Property Type ²	Maximum Base Loan Amount	Min Credit Score ²	Max LTV/CLTV ¹
1-4 Units	FHA Mortgage Limits	580	80%

Footnotes

¹ Maximum LTV/CLTV	<ul style="list-style-type: none"> • Identity of Interest purchase transaction is restricted to 85% with specific exceptions detailed in the FHA Lending Guide • Rate & Term refinance transaction restricted to 85% if the borrower has not occupied as a primary residence for the 12 months prior to the case assignment, or if owned less than 12 months has not occupied the property since acquisition
² Manufactured Home	<ul style="list-style-type: none"> • Minimum Credit Score 660

Mortgage Insurance Premiums

Upfront Mortgage Insurance Premium (UFMIP)

- The UFMIP is 1.75% of the base loan amount
- The UFMIP must be 100% financed into the mortgage or paid entirely by cash; partial financing is not allowed
- The LTV is calculated using the base loan amount prior to financing UFMIP

Annual Mortgage Insurance Premium (MIP)

> 15-Year Term Base Loan Amount ≤ \$625,500			≤ 15-Year term Base Loan Amount ≤ \$625,500		
LTV	Annual MIP (%)	Duration	LTV	Annual MIP (%)	Duration
≤ 90.00%	0.80	11 Years	≤ 90.00%	0.45	11 Years
> 90.00% ≤ 95.00%	0.80	Mortgage Term	> 90.00%	0.70	Mortgage Term
> 95.00%	0.85	Mortgage Term			
> 15-Year term Base Loan Amount > \$625,500			≤ 15-Year term Base Loan Amount > \$625,500		
LTV	Annual MIP (%)	Duration	LTV	Annual MIP (%)	Duration
≤ 90.00%	1.00	11 Years	≤ 78.00%	0.45	11 Years
> 90.00% ≤ 95.00%	1.00	Mortgage Term	> 78.00% ≤ 90.00%	0.70	11 Years
> 95.00%	1.05	Mortgage Term	> 90.00%	0.95	Mortgage Term

FHA Eligible Terms

	Standard				High Balance			
	Product Description / Terms				Products Description / Terms			
Fixed Rate	10 Year				10 Year			
	15 Year				15 Year			
	20 Year				20 Year			
	25 Year				25 Year			
	30 Year				30 Year			
ARM	Standard				High Balance / Super Max			
	Description	Index	Caps	Margin	Description	Index	Caps	Margin
	5/1	1-YR CMT	1/1/5	1.75%	5/1	1-YR CMT	1/1/5	1.75%

Temporary Guidance Due to COVID-19

- Self-Employment Verification for loans with case numbers assigned on or after August 12, 2020 through September 30, 2021:
 - o Evidence of current work (signed contracts/invoices to show the business is operating on the day of the verification)
 - o Current business receipts within 10 days of the Note (payment for services performed)
 - o Business website demonstrating activity to support current operations (timely appointments for estimates/services can be scheduled)
 - o Lender certification the business is open and operating (confirmed through phone call or other means)
- Rental Income for loans with case numbers assigned on or after August 12, 2020 through September 30, 2021:
 - o Reduction of the effective rental income by 25%, or
 - o Verify 6 months PITI reserves, or
 - o Obtain previous 2 months bank statements to evidence rental payments were received (applies only if there is a history of rental income for property)

FHA Lending Resource	<ul style="list-style-type: none"> All loans must be underwritten to the standards contained within this matrix If guidance is not provided on this matrix refer to the FHA Handbook 4000.1.
Ineligible Transactions	<ul style="list-style-type: none"> Energy Efficient Mortgage Down Payment Assistance programs
Geographic Restrictions	<ul style="list-style-type: none"> Hawaii: Properties in Lava Zones 1 and 2 not permitted (verify the appraisal to confirm if property may be in a lava zone) Texas: Texas50(a)(6) not permitted
Minimum Loan Amount	<ul style="list-style-type: none"> \$60,000
Debt-To-Income (DTI)	<ul style="list-style-type: none"> Refer to Minimum Credit Score Restrictions above As Determined by TOTAL Scorecard (AUS) or Manual underwriting requirements, see Manual Underwriting of Borrower
AUS Requirements	<ul style="list-style-type: none"> All loans must be submitted through TOTAL Scorecard/AUS Manual underwriting is allowed
Documentation	<ul style="list-style-type: none"> Per TOTAL Scorecard/AUS or manual underwriting requirements All borrowers must have a valid Social Security number Borrowers using non-traditional credit are not allowed A fully executed IRS Form 4506-C is required for each borrower on the loan. Refer to IRS Form 4506-C and Tax Transcripts
Qualifying Rate	<ul style="list-style-type: none"> Fixed & ARM: Qualify at the Note Rate
Appraisal	<ul style="list-style-type: none"> All appraisals must be completed by FHA-approved appraisers Appraisal must meet FHA minimum property requirements/standards (MPR/MPS)
Income/Employment	<ul style="list-style-type: none"> The following is general guidance and subject to TOTAL Scorecard/AUS approval. Income documents may be subject to additional document requests at the underwriter's discretion
	Salaried Borrowers
	<ul style="list-style-type: none"> Current paystub dated within 120 days from the Note date; W-2's or written verification(s) of employment documenting most recent 2 years income.
	Rental Income
	<ul style="list-style-type: none"> Boarder income may be considered with a minimum 2 years reporting on tax returns; Refer to Rental Income History of rental income requires most recent 2 years tax returns Limited or no history of rental income allowed; Refer to Rental Income
	Self-Employed Borrower
	<ul style="list-style-type: none"> Eligible with at least 2 years self-employment; Periods of self-employment of less than 2 years, but at least 1 year may be considered case by case; Refer to Self-Employment Income
	Personal Tax Returns
	<ul style="list-style-type: none"> Most recent 2 years signed tax returns with all pages and schedules
	Business Tax Returns
	<ul style="list-style-type: none"> Most recent 2 years signed tax returns with all pages and schedules required when applicable
	Profit & Loss (P&L) Statements
<ul style="list-style-type: none"> Current signed and dated P&L and Balance sheet is required; Schedule C income does not require a Balance Sheet 	
Gaps in Employment	
<ul style="list-style-type: none"> Gap in employment \geq 6 months the last 2 years requires the borrower to be on the current job for a minimum of 6 months 	
Streamline	
<ul style="list-style-type: none"> Verbal verification of employment is required Non-credit qualifying streamline does not require income documentation; No income required to be entered on 1003 Credit qualifying streamline requires standard income documentation 	
Asset Documentation	<ul style="list-style-type: none"> Follow TOTAL Scorecard requirements.
Reserves	<ul style="list-style-type: none"> TOTAL Scorecard/AUS approval, follow findings Manual underwrite requires a minimum 1-month reserves 3-4 unit property require a minimum 3 months reserves
Borrower Eligibility	<ul style="list-style-type: none"> U.S. Citizens Permanent Residents Non-Permanent Residents - Refer to Non US Citizen Borrowers in the FHA Lending Guide Inter Vivos Revocable Trusts Non-Occupant Borrowers All borrowers must have a valid Social Security number Borrowers using non-traditional credit are not allowed

	Eligible	Ineligible	
Property Types	<ul style="list-style-type: none"> SFR/PUD (detached/attached) FHA Approved Condo (low/high rise) 2-unit properties 3-4 unit properties¹ 	<ul style="list-style-type: none"> Co-op Properties Agricultural w/Income producing properties Manufactured homes Condotel 	
	¹ Refer to the FHA Handbook 4000.1 for 3-4 unit property reserves and self-sufficiency rental income eligibility		
Credit	Mortgage/Rental History		
	<ul style="list-style-type: none"> TOTAL Scorecard findings must downgrade to manual underwrite when the history of late payments exceeds the requirements within the FHA Lending Guide - Housing Payment History policy Manual Downgrade underwrite refer to the requirements within the FHA Lending Guide - Housing Payment History policy Loans in forbearance or modified in the last 12 months refer to the FHA Lending Guide – Forbearance/Loan Modification policy 		
	Installment/Revolving		
	<ul style="list-style-type: none"> TOTAL Scorecard/AUS approval, follow findings Manual Downgrade Underwriting: <ul style="list-style-type: none"> Installment history is acceptable if all payments have been on time for the most recent 12 months and no more than 2x30 in the previous 24 months Revolving is acceptable if there has been no major derogatory credit in the last 12 months 		
	Foreclosure, Bankruptcy, Deed-in-Lieu, Short Sale, or Consumer Credit Counseling		
	<ul style="list-style-type: none"> All seasoning requirements must be met at the time of the FHA case number assignment. 		
	Derogatory Event¹	TOTAL Scorecard	Manual
	Bankruptcy — Chapter 7	2 years from discharge date	Case by Case 1 year from discharge
	Bankruptcy — Chapter 13	2 years from discharge date	Minimum 12 months of pay-out
	Foreclosure	3 years from title transfer	3 years from title transfer
	Deed-in-Lieu of Foreclosure	3 years from title transfer	3 years from title transfer
	Pre-foreclosure/Short Sale	3 years from title transfer	3 years from title transfer
	Current at time of Short Sale	3 years from title transfer	Case by case with history of on time payments prior to sale
	Consumer Credit Counseling	Follow AUS	Minimum 12 months of pay-out
Collection Accounts²	Per AUS findings	Requires acceptable explanation	
Charge-Off³	Per AUS findings	Requires acceptable explanation	
Judgments	Must be paid or evidence of an established repayment plan	Requires acceptable explanation Must be paid or evidence of an established repayment plan	
	¹ Refer to FHA Guidelines for all requirements		
	² Collection account(s) with cumulative balance ≥ \$2000 must be paid in full or included in the DTI. Use the documented repayment amount, or 5% of the outstanding balance(s). Medical collections are not included in the DTI		
	³ Charge off accounts that the creditor is no longer attempting to collect on the debt, are not required to be included in the DTI		
Manual Underwriting Criteria	<ul style="list-style-type: none"> AUS Refer is not eligible AUS Accept requiring a Manual Downgrade is eligible under the circumstances listed below: 		
	<p>Accept Risk Classifications Requiring a Downgrade to Manual Underwriting (TOTAL)</p> <p>The Mortgagee must downgrade and manually underwrite any Mortgage that received an Accept recommendation if:</p> <ul style="list-style-type: none"> the mortgage file contains information or documentation that cannot be entered into or evaluated by TOTAL Mortgage Scorecard; additional information, not considered in the AUS recommendation affects the overall insurability of the Mortgage; the Borrower has \$1,000 or more collectively in Disputed Derogatory Credit Accounts; the date of the Borrower’s bankruptcy discharge as reflected on bankruptcy documents is within two years from the date of case number assignment; the case number assignment date is within three years of the date of the transfer of title through a Pre-Foreclosure Sale (Short Sale); the case number assignment date is within three years of the date of the transfer of title through a foreclosure sale; the case number assignment date is within three years of the date of the transfer of title through a Deed-in-Lieu (DIL) of foreclosure; the Mortgage Payment history, for any mortgage trade line reported on the credit report used to score the application, requires a downgrade as defined in Housing Obligations/Mortgage Payment History; the Borrower has undisclosed mortgage debt that requires a downgrade; or business income shows a greater than 20 percent decline over the analysis period. 		
Undisclosed Mortgage Debt	<ul style="list-style-type: none"> A mortgage not on borrower’s credit report requires a 24 month mortgage payment history directly from the servicer regardless if underwritten using TOTAL guidelines. Refer to Downgrade to Manual Underwriting in the FHA Lending Guide 		

Refinance Transactions	<ul style="list-style-type: none"> At least one borrower on the refinancing mortgage must hold title to the property being refinanced prior to case number assignment
	Rate and Term Refinance
	<ul style="list-style-type: none"> The borrower’s employment documentation or utility bills must evidence the borrower currently occupies the property and evidences the length of time the borrower has occupied the subject property as their principal residence <p>Rate/Term Refinance – Cash Back Eligibility All occupancy types except Texas Homestead</p> <ul style="list-style-type: none"> The use of estimates of existing debts and costs in calculating the maximum mortgage amount is allowed to the extent that the actual debts and costs do not result in the borrower receiving greater than \$500 cash back at closing Cash back amounts greater than \$500 require resubmission to Underwriting or a principal reduction to satisfy the maximum \$500 cash back guideline Cash to the borrower resulting from the refund of borrowers unused escrow balance from the previous mortgage must not be considered in the \$500 cash back limit whether received at or subsequent to mortgage disbursement <p>Texas Homestead Occupancy</p> <ul style="list-style-type: none"> NO EXCEPTIONS: Cash back is not allowed for loans secured by owner-occupied primary residence properties located in the state of Texas
	Cash-Out Refinance
	<ul style="list-style-type: none"> Subject property must have been owned and occupied by the borrower’s principal residence for the 12 months prior to the date of case number assignment; Properties owned less than 12 months are not eligible for cash-out (except in the case of inheritance, refer to FHA Handbook 4000.1 for further guidance) The borrower’s employment documentation or utility bills must evidence the borrower has occupied the subject property as their principal residence for the 12 months prior to case number assignment Document the borrower has made all mortgage payments within the month due for the previous 12 months or since the borrower obtained the mortgages, whichever is less Payments for all mortgages secured by the subject property must have been paid within the month due for the month prior to mortgage disbursement <ul style="list-style-type: none"> Properties with mortgages must have a minimum of six months of mortgage payments <ul style="list-style-type: none"> If the subject mortgage is not reported in the borrower’s credit report or is not in the name of the borrower, obtain a VOM, bank statements or other documentation to evidence that all payments have been made by the borrower in the month due for the previous 12 months Properties owned free and clear may be refinanced as cash-out transactions Income from a non-occupant co-borrower cannot be used to qualify for a cash out refinance
Community Property States	<ul style="list-style-type: none"> A credit report is required for the non-borrowing spouse who resides in a community property state or the subject property is located in a community property state; The debts of the non-borrowing spouse must be included in qualifying unless specifically excluded by state law: AZ, CA, ID, LA, NV, NM, TX, WA, WI
Subordinate Financing	<ul style="list-style-type: none"> Subordinate financing allowed; CLTV cannot exceed the eligible LTV/CLTV limits above Cash out maximum combined mortgage amounts of the first lien and any subordinate lien(s) not to exceed FHA Nationwide Mortgage Limit
Assumability	<ul style="list-style-type: none"> FHA insured mortgages are assumable