

PRIMARY RESIDENCE ONLY			
Property Type ¹	Maximum Base Loan Amount	Minimum Credit Score ²	Max LTV/CLTV ¹
Purchase Transaction			
1-2 Units	FHA Mortgage Limits	600 with AUS approval 660 for ALL Manual UW	96.5%/100.00%
Footnotes: ¹ Maximum CLTV Restriction- Identity of Interest purchase transactions are restricted to 85% CLTV with specific exceptions detailed in the FHA Lending Guide. ² Each borrower must have a minimum of one credit score			
FHA Eligible Terms	<ul style="list-style-type: none"> 25- and 30-Year Fixed rate 		
Essex DPA Eligible Terms	<ul style="list-style-type: none"> DPA Amount: Up to 3.5% of the sales price or appraised value (lessor of) Deferred 25- or 30-year Second Mortgage Loan Note. There is no interest rate on the 2nd. 2nd lien loan amount must be rounded up to the nearest whole dollar. Must match term on FHA 1st Non-amortizing loan with no monthly payments required. Promissory Note Addendum is required Loan Forgiveness Feature Disclosure is required Proceeds may be used for down payment and/or closing costs There must be no cash back to the borrower from the DPA proceeds. Lender upfronts the DPA amount at closing to be reimbursed by Essex Mortgage (the servicer), on behalf of NHF, upon purchase of the first mortgage loan No additional subordination allowed Lender must conform to Federal RESPA and Truth-in-Lending (TILA) laws in disclosing the terms of the Second Mortgage <p>Loan Term:</p> <ul style="list-style-type: none"> 2nd lien is due and payable at the time of the first mortgage unless the forgivable parameters below have been satisfied. Forgivable IF: <ul style="list-style-type: none"> Loan has reached its 3rd, 5th or 10th years from Note date, AND A repayment event has not occurred, AND The borrower has continued to occupy the property as their primary residence. <p>Repayment Events:</p> <ul style="list-style-type: none"> The First Deed of Trust on the property is refinanced; or The First Deed of Trust on the property becomes due and payable for any reason; or Borrower sells, transfers or otherwise disposes of the property, including, without limitation, through foreclosure or transfer pursuant to any power of sale. 		
GUIDELINES			
FHA Lending Resource	<ul style="list-style-type: none"> All loans must be underwritten to the standards contained within this matrix Any guide published on this matrix DOES NOT supersede the FHA Handbook 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 203(k) 		
Assumability	<ul style="list-style-type: none"> FHA insured loans are assumable 		
Geographical Restrictions	<ul style="list-style-type: none"> New York Washington 		
Minimum Loan Amount	<ul style="list-style-type: none"> \$60,000 		
Maximum Loan Amount	<ul style="list-style-type: none"> Conforming High Balance only available on 10 yr forgivable period High Balance NOT allowed on 3 yr or 5 yr forgivable period Max LTV/CLTV ~ follow FHA guidelines 		
Documentation	<ul style="list-style-type: none"> Per TOTAL Scorecard/AUS or manual underwriting requirements All borrowers must have a valid Social Security Number 		

	<ul style="list-style-type: none"> A fully executed IRS Form 4506-C is required for each borrower on the loan. Refer to IRS Form 4506-C and Tax Transcripts 4506-C is required for each business (1065, 1120s, 1120) 															
AUS Requirements	<ul style="list-style-type: none"> All loans must be submitted through TOTAL Scorecard/AUS Manual underwriting IS ALLOWED 															
Debt-to-Income (DTI)	<ul style="list-style-type: none"> TOTAL Scorecard Approved: Per AUS approval, unless required downgrade exists then must follow Manual Underwriting requirements. Manual Underwriting: allowed with FHA approved compensating factors. <ul style="list-style-type: none"> Provided that enough compensating factors are present, absolute maximum is 40%/45%. 															
Manual Underwriting DTI/Compensating Factors	<table border="1"> <thead> <tr> <th>FICO</th> <th>DTI</th> <th>Compensating Factors</th> </tr> </thead> <tbody> <tr> <td>660</td> <td>31/43</td> <td>No compensating factors required</td> </tr> <tr> <td>660</td> <td>37/45</td> <td>ONE of the following: <ul style="list-style-type: none"> Verified and documented cash reserves. Minimal increase in housing payment; or Residual income </td> </tr> <tr> <td>660</td> <td>40/40</td> <td>No discretionary debt</td> </tr> <tr> <td>660</td> <td>40/45</td> <td>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 residual income</td> </tr> </tbody> </table>	FICO	DTI	Compensating Factors	660	31/43	No compensating factors required	660	37/45	ONE of the following: <ul style="list-style-type: none"> Verified and documented cash reserves. Minimal increase in housing payment; or Residual income 	660	40/40	No discretionary debt	660	40/45	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 residual income
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Occupancy	<ul style="list-style-type: none"> Borrower is not required to be a first-time homebuyer Borrowers must occupy the residence as their primary residence within sixty (60) days of closing. Borrowers may have ownership of other property at time of closing, per Agency guidelines. Non-occupant co-borrower(s) allowed pursuant to FHA loans guidelines and must be on title. 															
Community Property States	<ul style="list-style-type: none"> Non-Borrowing Spouse: A credit report, executed borrower authorization cert, and executed SSA-89 form 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 the qualifying unless specifically excluded by state law: AZ, CA, ID, LA, NV, NM, TX, WA, WI . Lender to order SSN Validation for non-borrowing spouse. 															
Homebuyer Education	<ul style="list-style-type: none"> Homebuyer Course Certificate is required regardless of FTHB status. At least one occupying borrower must complete a Homebuyer's Education course from FNMA/FHLMC, or any HUD approved provider 															
Asset Documentation	<ul style="list-style-type: none"> Follow findings per TOTAL Scorecard/AUS Manual Underwrite documentation: Follow FHA Handbook 4000.1.II.A.5.c 															
Gift Funds	<ul style="list-style-type: none"> Permitted - must be documented in accordance with standard FHA guidelines. Funds cannot come from an unallowable source, including a business account unless the donor is a sole proprietorship, or the borrower's employer. Cash is not an acceptable source of gift funds. Cousin is not acceptable donor 															
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Installment/Revolving		
<ul style="list-style-type: none"> Follow findings per Total Scorecard/AUS Manual Underwriting / Downgrade: <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 (major derogatory credit is any payment more than 90 days late, or 3 or more 60-day late payments) 		
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 Event ¹	TOTAL Scorecard	Manual
Bankruptcy Chapter 7	2 years from discharge date	<ul style="list-style-type: none"> 2 years from discharge date OR, 1 year from discharge date with extenuating circumstance
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 (less than 3 years allowed with extenuating circumstance)
Deed-in-Lieu of Foreclosure	3 years from title transfer	3 years from title transfer (less than 3 years allowed with extenuating circumstance)
Pre-foreclosure / Short Sale	3 years from title transfer	3 years from title transfer (less than 3 years allowed with extenuating circumstance)
Current at time of Short Sale	3 years from title transfer	<ul style="list-style-type: none"> All Mortgage Payments on the prior Mortgage were made within the month due for the 12-month period preceding the Short Sale; AND Installment debt payments for the same time period were also made within the month due.
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	<ul style="list-style-type: none"> 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		
Business Credit Report	Manual Underwrite - self-employed borrowers submitting 1065, 1120, or 1120S tax returns, a business credit report is required.	
Extenuating Circumstances	Extenuating circumstances must be documented on manually underwritten transactions when the borrowers do not meet FHA's definition of satisfactory credit. A detailed LOE for all derogatory credit indicating the specific extenuating circumstance with supporting documentation will be required. Valid extenuating circumstances are situations that were unforeseen and out of the borrower's control that led to the delinquent payments, collection, etc. NOTE: Divorce, loss of employment, or inability to sell the property due to a job transfer or relocation are NOT considered extenuation circumstances.	
Non-Traditional Credit	Non-Traditional Mortgage Credit report with at least 3 credit references. Each reference must reflect at least 12-months rating. Of the 3 required references, at least 1 reference must come from: <ul style="list-style-type: none"> Rental housing payments (VOR, canceled checks, or alternative documentation) Telephone/cell phone 	

	<ul style="list-style-type: none"> • Utility company reference (gas, electricity, water, TV, Internet) <p>If all 3 references cannot be obtained from list above, lender may accept the following:</p> <ul style="list-style-type: none"> • insurance premiums not payroll deducted (for example, medical, auto, life, renter's insurance). • payment to childcare providers made to businesses that provide such services. • school tuition. • retail store credit cards (for example, from department, furniture, appliance stores, or specialty stores). • rent-to-own (for example, furniture, appliances). • payment of that part of medical bills not covered by insurance. • a documented 12-month history of savings evidenced by regular deposits resulting in an increased balance to the account that: (1) were made at least quarterly; (2) were not payroll deducted, and (3) caused no Insufficient Funds (NSF) checks. • an automobile lease. • a personal loan from an individual with repayment terms in writing and supported by canceled checks to document the payments; or • a documented 12-month history of payment by the Borrower on an account for which the Borrower is an authorized user.
<p style="text-align: center;">Undisclosed Mortgage Debt</p>	<ul style="list-style-type: none"> • A mortgage that is not on the borrower's credit report requires a 12-month mortgage payment history directly from the servicer. Provide: <ul style="list-style-type: none"> ◦ copy of the note and either: <ul style="list-style-type: none"> ▪ bank statement or canceled checks ▪ a credit report supplement; or ▪ a verification of Mortgage • The mortgage must be downgraded to a refer and manually underwritten if the mortgage history reflects: <ul style="list-style-type: none"> ◦ Current delinquency, ◦ Any delinquency within 12 months of the case number assignment date; or ◦ More than two 30-Day late payments within 24 months of the case number assignment date • At least one borrower on the refinancing mortgage must hold title to the property being refinanced prior to case number assignment
<p style="text-align: center;">Income/Employment</p>	<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 <p style="text-align: center;">Salaried Borrowers</p> <ul style="list-style-type: none"> • Current paystub dated within 120 days of the Note date • W-2s or written verification(s) of employment documenting most recent 2 years' income <p style="text-align: center;">Boarder Rental Income</p> <ul style="list-style-type: none"> • Boarder income may be considered with a minimum of 2 years reporting on tax returns • History of rental income requires the most recent 2 years' tax returns • Limited or no history of rental income allowed <p style="text-align: center;">Self-Employed Borrower</p> <ul style="list-style-type: none"> • Eligible with at least 2 years of self-employment; Periods of self-employment of less than 2 years, but at least 1 year, may be considered on a case-by-case basis <p>Personal Tax Returns:</p> <ul style="list-style-type: none"> • Most recent 2 years signed tax returns with all pages and schedules <p>Business Tax Returns:</p> <ul style="list-style-type: none"> • Most recent 2 years signed tax returns with all pages and schedules <p>Profit & Loss (P&L) Statements:</p> <ul style="list-style-type: none"> • Current, signed and dated P&L and balance sheet; Schedule C income does not require a balance sheet <p style="text-align: center;">Gaps In Employment</p> <ul style="list-style-type: none"> • Gap in employment \geq 6 months in the last 2 years requires that the borrower be on current job for a minimum of 6 months <p style="text-align: center;">Rental Income</p>
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	<ul style="list-style-type: none"> • Rental income from a borrower departing residence may be considered with the following: <ul style="list-style-type: none"> ○ An appraisal documenting at least 25% equity in the property and 1007 for market rent. ○ The borrower must be relocating to an area more than 100 miles from the current residence. ○ A current lease with a term of no shorter than 12 months, and evidence of receipt of a security deposit is required. • Refer to FHA Handbook 4000.1 for comprehensive guidance, and additional documentation requirements on manually underwritten transactions. • ADU income eligible: <ul style="list-style-type: none"> ○ Effective rental income from ADU needs to be <= 30% of the total monthly qualifying income ○ 1007 is required – lesser of 75% market rent or 75% current lease ○ Two (2) months PITIA reserves required for 1 unit with ADU from borrower own funds ○ HUD Hotel Transient disclosure required ○ Total scorecard approved: Two (2) months of reserves ○ For Manual Underwriting – one (1) month required for all manual underwrites; two (2) months reserves for property with ADU; and three (3) months reserves for compensating factors. Total six (6) months reserves from borrower’s own funds. ○ If property is a duplex Plus an ADU, HUD will consider this as a 3-unit property. One (1) month of reserve for manual underwrite; Two (2) months reserves for property with ADU and six (6) months of reserve for compensating factors. Total nine (9) months of reserves from borrower’s own funds. ○ ADU income not eligible for cashout refinance transactions. • Boarder Income - Follows FHA Mortgagee Letter 2025-04 <ul style="list-style-type: none"> ○ Boarder income cannot exceed 30% of the borrower’s total monthly effective income ○ Must document at least nine of the most recent 12 months or rent receipts via tax returns, bank statements, cancelled checks. ○ Evidence that the Boarder’s address is the same as the Borrower’s address AND a copy of the executed written agreement documenting the boarding terms AND the Boarder’s intent to continue boarding with the Borrower. ○ Income is the lesser of 12-month average or current rent as documented in written agreement & cannot exceed 30% of borrower’s total monthly effective income. 				
<p>Manual Underwriting Criteria</p>	<p>Accept Risk Classifications Requiring a Downgrade to Manual Underwriting (TOTAL):</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 • Business income shows a greater than 20 percent decline over the analysis period 				
<p>Appraisal</p>	<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) 				
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		<ul style="list-style-type: none"> Single-wide Manufactured Homes
Property Flipping	<ul style="list-style-type: none"> Resales within 90 days of seller's acquisition are not permitted. Resales occurring between 91-180 days require a second full appraisal if the sales price as increased by 100% or more since the seller's acquisition. 	
Purchases	<ul style="list-style-type: none"> Seller must be owner of record and must have held title for at least 91 days prior to the date of the purchase contract (see Property Flipping). FHA defines the Seller's Date of Acquisition as the date the seller acquired legal ownership of that Property. FHA defines the Resale Date as the date all parties have executed the sales contract that will result in the FHA-insured Mortgage for the resale of the Property. 	
DPA Fees	<ul style="list-style-type: none"> Funds must be reserved with Essex Admin fee of \$395, tax service fee \$75 and flood fee of \$5 apply 	
Temporary Interest Rate Buydown	<ul style="list-style-type: none"> 2-1 temporary buydown If using lender's credit to cover the buydown cost, only 1-0 temporary buydown is allowed. Only offer on standard conforming loan amount not high balance. All buydown costs need to be from the following third parties which can be from the seller/builder, listing agent, buying agent, and borrower. If the borrower is paying for the buydown cost, it will be included in points and fees. Split-buydown credit is acceptable from all parties except if using lender's credit. The buydown plan must be a written agreement between the party providing the buydown funds and the borrower. The total closing costs and buydown cannot exceed IPC Limits. Qualification is on the full note rate 	
FHA Requirements	<ul style="list-style-type: none"> Lender is required to reflect NHF's EIN on HUD's FHA Loan Underwriting and Transmittal Summary in conjunction with secondary financing assistance or to the borrower when the borrower is receiving an FHA first mortgage. NHF's EIN is 42- 1549314. National Homebuyers Fund, Inc., an Instrumentality of Government Section 115 entity 	

MORTGAGE INSURANCE PREMIUMS

Upfront Mortgage Insurance Premium (UFMIP)

- UFMIP = 1.75% of the base loan amount
- UFMIP must be 100% financed into the mortgage of paid entirely by cash; partial financing is not allowed
- 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