

PRIMARY RESIDENCE ONLY							
Property Type ¹		Maximum Base Loan Amount		Minimum Credit Score		Max LTV/CLTV ¹	
Purchase Transaction							
1-4 Units		FHA Mortgage Limits		500		90.0%	
				No FICO Score		90.0%	
Rate & Term Refinance Transactions							
1-4 Units		FHA Mortgage Limits		500		90.0%	
				No FICO Score		90.0%	
Footnotes:							
1 Maximum LTV/CLTV		Identity of Interest purchase transactions are restricted to 85% with specific exceptions detailed in the FHA Lending Guide. Rate & Term refinance transactions are restricted to 85% if the borrower has not occupied as a primary residence for the 12 months prior to the case assignment, of if owned less than 12 months and has not occupied the property since acquisition					
FHA ELIGIBLE TERMS							
Standard				High-Balance			
Term				Term			
10 Year				10 Year			
15 Year				15 Year			
20 Year				20 Year			
25 Year				30 Year			
30 Year							
Standard				High-Balance/Super Max			
Description	Index	Caps	Margin	Description	Index	Caps	Margin
5/1 ARM	1-YR CMT	1/1/5	1.75%	5/1 ARM	1-YR CMT	1/1/5	1.75%
GUIDELINES							
FHA Lending Resource	- 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	- Energy Efficient Mortgage 203(k)						
Assumability	FHA insured loans are assumable						
Geographical Restrictions	- Hawaii - Texas50(a)(6) not permitted						
Minimum Loan Amount	\$75,000						
Documentation	- Per TOTAL Scorecard/AUS or manual underwriting requirements - All borrowers must have a valid Social Security Number - 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	- All loans must be submitted through TOTAL Scorecard/AUS - Manual underwriting IS ALLOWED						
Debt-to-Income (DTI)	- TOTAL Scorecard Approved: Per AUS approval, unless required downgrade exists then must follow Manual Underwriting requirements. - Max DTI of 50% for DTI 500-579 - For No Fico Score: Max DTI 31%/43% - Manual Underwriting: 31%/43%, unless FHA approved compensating factors exist. - Provided that enough compensating factors are present, absolute maximum is 40%/50%. - Refer to chart for compensating factors on the last page of this						

Qualifying Rate	Fixed & ARM: Qualify to Note Rate	
Borrower Eligibility	Eligible	Ineligible
	- US Citizens - Permanent Residents - Inter-Vivos Revocable Trusts - Non-Occupant Borrowers - All borrowers must have a valid Social Security Number	- Non-Permanent Alien Residents - Business Entity - Non-profit
Community Property States	- 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.	
Asset Documentation	- Follow findings per TOTAL Scorecard/AUS - Manual Underwrite documentation: Follow FHA Handbook 4000.1.II.A.5.c	
Gift Funds	- 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	
Reserves	- Follow findings per Total Scorecard/AUS - Manual underwrite requires: 1-month reserves for 1-2-unit properties 3-months reserves for 3-4-unit properties	
Credit	Housing Payment	
	- TOTAL Scorecard findings must be downgraded to manual underwrite when the history of late payments exceeds the requirements within The FHA Lending Guide - Housing Payment History policy - Manual Downgrade underwrite refers 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 A VOR/VOM is required for all Manual Underwrite	
	Installment/Revolving	
	- Follow findings per Total Scorecard/AUS - Manual Underwriting / Downgrade: - 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	
	All seasoning requirements must be met at the time of the FHA case number assignment	
	Derogatory Event¹	TOTAL Scorecard
	Bankruptcy Chapter 7	2 years from discharge date OR, 1 year from discharge date with extenuating circumstance
	Bankruptcy Chapter 13	Minimum 12 months of pay-out
	Foreclosure	3 years from title transfer (less than 3 years allowed with extenuating circumstance)
	Deed-in-Lieu of Foreclosure	3 years from title transfer (less than 3 years allowed with extenuating circumstance)
	Pre-foreclosure / Short Sale	3 years from title transfer (less than 3 years allowed with extenuating circumstance)

	Current at time of Short Sale	3 years from title transfer	- 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	- 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: - Rental housing payments (VOR, canceled checks, or alternative documentation) - Telephone/cell phone - Utility company reference (gas, electricity, water, TV, Internet) If all 3 references cannot be obtained from list above, lender may accept the following: - 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.		
Undisclosed Mortgage Debt	- A mortgage that is not on the borrower's credit report requires a 12-month mortgage payment history directly from the servicer. Provide: - copy of the note and either: - 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: - 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
Income/Employment	- 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
	- Current paystub dated within 120 days of the Note date - W-2s or written verification(s) of employment documenting most recent 2 years' income
	Boarder Rental Income
	- 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
	Self-Employed Borrower
	- 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 Personal Tax Returns: - Most recent 2 years signed tax returns with all pages and schedules Business Tax Returns: - Most recent 2 years signed tax returns with all pages and schedules Profit & Loss (P&L) Statements: - Current, signed and dated P&L and balance sheet; Schedule C income does not require a balance sheet
	Gaps In Employment
	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
	Rental Income
	- Rental income may be used as effective income in accordance with FHA guidelines, except as stated below: - Rental income from a borrower departing residence may be considered with the following: - 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: - Effective rental income from ADU needs to be $\leq$ 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 - 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.		
Manual Underwriting Criteria	Accept Risk Classifications Requiring a Downgrade to Manual Underwriting (TOTAL): • 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		
Manual Underwriting DTI/Compensating Factors	FICO	DTI	Compensating Factors
	500-579 or No Credit Score	31/43	N/A; Borrowers with minimum decision credit scores below 580, or with no credit score may not exceed 31/43 ratios
	≥580	31/43	No compensating factors required
	≥580	37/47	ONE of the following: • Verified and documented cash reserves. • Minimal increase in housing payment; or • Residual income
	≥580	40/40	No discretionary debt
	≥580	40/50	TWO of the following: • Verified and documented cash reserves. • Minimal increase in housing payment. • Significant additional income not reflected in effective income; and/or residual income
Appraisal	• All appraisals must be completed by FHA-Approved appraisers • Appraisal must meet FHA minimum property requirements/standards (MPR/MPS)		
Property Types	Eligible		Ineligible
	• SFR/PUD (detached/attached) • FHA Approved Condo (low/high rise) • 2-unit properties • 3-4-unit properties (refer to the FHA Handbook 4000.1 for 3-4-unit property reserves and self-sufficiency rental income eligibility)		• Co-op Properties • Agricultural with income producing properties • Condotel • Manufactured Homes
Property Flipping	• 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	• 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.		

Refinance Transactions	Rate and Term Refinance - The borrower's employment documentation or utility bills must evidence the borrower currently occupies the property and evidence the length of time the borrower has occupied the subject property as their principal residence - Rate/Term Refinance – Cash Back Eligibility: All occupancy types EXCEPT Texas Homestead: - 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 the borrower's unused escrow balance from the previous mortgage must not be considered in the \$500 cash back limit, whether received at or after mortgage disbursement - Texas Homestead Occupancy: NO EXCEPTIONS - Cashback is not allowed for loans secured by owner-occupied primary residence properties located in the state of Texas
	Cash-Out Refinance - 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 that 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 to the month prior to mortgage disbursement - 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 - Income from a non-occupant co-borrower cannot be used to qualify for a cash-out refinance - All refinances must have a net tangible benefit(s) to the borrowers.
	Subordinate Financing - Subordinate financing allowed; CLTV cannot exceed the eligible LTV/CLTV limits - Cash out maximum combined mortgage amounts of the first lien and any subordinate lien(s) not to exceed the FHA Nationwide Mortgage Limit
Temporary Interest Rate Buydown	3-2-1, 2-1, 1-1, and 1-0 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. - Fixed Rate only and Qualification is on the full note rate - Purchase Transaction Only, 1 to 4 unit (excluding manufacture homes, and Minimum fico score 620)
Texas	- If prelim indicates any prior Texas 50(a)(6) refinances, property is ineligible for refinance. - Cash out is not permitted in Texas; borrower may not receive ANY funds back at closing (not even \$0.01). - Any existing secondary financing must be subordinated with a recorded subordination agreement (automatic subordination not permitted). - A copy of the note and deed for the subordinate financing must be provided
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	



FHA Standard and High Balance Portfolio

Annual Mortgage Insurance Premium (MIP)					
>15-Year Term Base Loan Amount ≤ \$726,200			≤ 15-Year Term Base Loan Amount ≤ \$726,200		
LTV	Annual MIP (%)	Duration	LTV	Annual MIP (%)	Duration
≤90.00%	0.50	11 Years	≤90.00%	0.15	11 Years
>90.00% ≤ 95.00%	0.50	Mortgage Term	>90.00%	0.40	Mortgage Term
>95.00%	0.55	Mortgage Term			
>15-Year Term Base Loan Amount > \$726,200			≤ 15-Year Term Base Loan Amount > \$726,200		
LTV	Annual MIP (%)	Duration	LTV	Annual MIP (%)	Duration
≤90.00%	0.70	11 Years	≤78.00%	0.15	11 Years
>90.00% ≤ 95.00%	0.70	Mortgage Term	>78.00% ≤ 90.00%	0.40	11 Years
>95.00%	0.75	Mortgage Term	>90.00%	0.65	Mortgage Term