

**Primary Residence - Owner Occupied**

**theNADA**

Transaction	FICO	Number of Units	Maximum LTV	Maximum CLTV
<b>Primary Residence - Owner Occupied</b>				
Purchase	580	1-4	96.50%	100%
DPA	DPA Amount: <ul style="list-style-type: none"> <li>Up to 3.5% of the Sales Price or Appraised Value (lesser of).</li> <li>Proceeds may be used for down payment and/or closing costs;</li> <li>6% 10-year community second</li> <li>No cash back to borrower</li> </ul>			

**Upfront Mortgage Insurance Premium (UFMIP)**

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

**Mortgage Term of More Than 15 Years**

Base Loan Amount	LTV	MIP (bps)	Duration
Less than or equal to \$625,500	≤ 90.00%	80	11 years
	> 90.00% but ≤ 95.00%	80	Mortgage term
	> 95.00%	85	Mortgage term
Greater than \$625,500	≤ 90.00%	100	11 years
	> 90.00% but ≤ 95.00%	100	Mortgage term
	> 95.00%	105	Mortgage term

**Mortgage Term of Less than or Equal to 15 Years**

Base Loan Amount	LTV	MIP (bps)	Duration
Less than or equal to \$625,500	≤ 90.00%	45	11 years
	> 90.00%	70	Mortgage term
Greater than \$625,500	≤ 78.00%	45	11 years
	> 78.00% but ≤ 90.00%	70	11 years
	> 90.00%	95	Mortgage term

Topic	Guideline
Guidelines	HUD 4000.1 Guidelines: <a href="https://www.hud.gov/program_offices/housing/sfh/handbook_4000-1">https://www.hud.gov/program_offices/housing/sfh/handbook_4000-1</a>
Loan Limits	FHA Mortgage Limits <a href="https://entp.hud.gov/idapp/html/hicostlook.cfm">https://entp.hud.gov/idapp/html/hicostlook.cfm</a> <ul style="list-style-type: none"> <li>High Balance allowed</li> </ul>
Maximum Loan Amount	Per FHA County Limits
Minimum Loan Amount	Minimum Loan amount \$50,000
4506 Transcripts	Transcripts are required per income documentation type included in the loan file.
AUS System	DU or LPA
Bankruptcy	<p>All bankruptcies (7 &amp; 13) must be discharged for 24 months preceding the case assignment date During this time, Borrower must have re-established good credit.</p> <p>An elapsed period of less than two years, but not less than 12 months, may be acceptable, if the Borrower:</p> <ul style="list-style-type: none"> <li>can show that the bankruptcy was caused by extenuating circumstances beyond the Borrower's control; and</li> <li>has since exhibited a documented ability to manage their financial affairs in a responsible manner.</li> </ul> <p>A borrower with a Chapter 13 bankruptcy may be eligible as a manual underwrite, if at the time of case number assignment.</p> <ul style="list-style-type: none"> <li>at least 12 months of the pay-out period under the bankruptcy has elapsed.</li> <li>the Borrower's payment performance has been satisfactory, and all required payments have been made on time; and</li> <li>the Borrower has received written permission from bankruptcy court to enter into the mortgage transaction.</li> </ul>
Borrower Eligibility	<ul style="list-style-type: none"> <li>No first-time homebuyer requirement.</li> <li>Borrower must occupy the residence as their primary residence within (60) days of closing).</li> <li>Borrowers may have ownership in other property at time of closing</li> <li>Non-occupant co-borrowers allowed</li> </ul>
Building on Own Land	Not Allowed
Compliance	The loan file must contain a clear compliance cert on both the 1 <sup>st</sup> and 2 <sup>nd</sup> mortgages
Condominium	<ul style="list-style-type: none"> <li>Must be in an FHA HRAP approved project</li> <li>Manufactured homes located in Condominium projects - Not Allowed</li> </ul>
Credit Score	<ul style="list-style-type: none"> <li>Minimum credit score of: 580</li> <li>Each borrower must have a minimum of one credit score.</li> </ul>
DACA Borrowers	Allowed
Deed Restrictions	Age related restrictions only. All other deed restrictions are ineligible.

Topic	Guideline
DPA	<p>DPA Amount:</p> <ul style="list-style-type: none"> <li>Up to 3.5% of the Sales Price or Appraised Value (lesser of).</li> <li>Proceeds may be used for down payment and/or closing costs;</li> <li>6% 10-year community second</li> <li>No cash back to borrower</li> </ul>
DTI	Per the AUS
Escrow / Impounds	Required: Waivers are not allowed.
Escrow Holdbacks / Repair Escrows	Not Allowed
Gift Funds	Cash on hand is not an acceptable source of donor gift funds.
Homebuyer Education	<p>At least one borrower must receive housing counseling from a HUD approved non-profit housing counseling agency</p> <p><a href="https://apps.hud.gov/offices/hsg/sfh/hcc/hcs.cfm">https://apps.hud.gov/offices/hsg/sfh/hcc/hcs.cfm</a></p>
Identity-of-Interest Transactions	<p>An Identity-of-Interest transaction is a sale between parties with an existing business relationship or between family members.</p> <ul style="list-style-type: none"> <li>The maximum LTV percentage for Identity-of-Interest transactions on purchase transactions is limited to 85%.</li> <li>The maximum LTV percentage for a transaction where a tenant-landlord relationship exists at the time of sales contract execution is restricted to 85%.</li> </ul> <p>The 85% LTV restriction may be exceeded if the borrower purchases as their principal residence:</p> <ul style="list-style-type: none"> <li>The principal residence of another family member; or</li> <li>A property owned by a family member where the borrower has been a tenant for at least six months immediately predating the sales contract.</li> <li>An employee of a builder who is not a family member purchases one of the builder's new houses or models as a principal residence; or</li> <li>The current tenant purchases the property where the tenant has rented the property for at least six months immediately predating the sales contract.</li> </ul>
Income	<ul style="list-style-type: none"> <li>Follow agency guidelines.</li> </ul>

Topic	Guideline
<b>Ineligible Programs</b>	<p>The following programs are not eligible:</p> <ul style="list-style-type: none"> <li>• 203(h) Disaster Victims</li> <li>• 203(k) Rehabilitation Program</li> <li>• 235 Refinance of Borrowers in Negative Equity Positions</li> <li>• 247 Hawaiian Homelands</li> <li>• 248 Indian Lands</li> <li>• Energy Efficient Mortgage Program (EEM)</li> <li>• FHA Assumption Program</li> <li>• Good Neighbor/Officer Next Door</li> <li>• Graduated Payment Program</li> <li>• Growing Equity Mortgages</li> <li>• Housing Authority Subsidies</li> <li>• Loans to Non-Profit Organizations</li> <li>• Short Refinances</li> </ul>
<b>Ineligible Properties</b>	<p>The following property types are not eligible:</p> <ul style="list-style-type: none"> <li>• Assisted Living Properties</li> <li>• Bed and Breakfast Establishments</li> <li>• Boarding Houses</li> <li>• Commercial Properties</li> <li>• Condotels, Motels or Hotels</li> <li>• Co-ops</li> <li>• Fraternity or Sorority Houses</li> <li>• Hawaii Properties in Lava Zones 1 and 2</li> <li>• Houseboats</li> <li>• Log or Dome Homes</li> <li>• Mobile Homes</li> <li>• Native American Indian Trust Lands</li> <li>• Newly Constructed Properties Located in Military Airfield Accident Prone Zone 1</li> <li>• Private Clubs</li> <li>• Properties with Condition/Quality Ratings of C5, C6, or Q6</li> <li>• Properties Contaminated by Methamphetamine Production or Use</li> <li>• Properties with More than One Accessory Dwelling</li> <li>• Properties Located within 75 Feet of an Operating/Proposed Gas or Oil Well</li> <li>• Properties Located within 10 Feet of a Pipeline Easement or High Pressure Gas Line</li> <li>• Properties Located within 300 Feet of Above/Below Ground Stationary Storage Tanks Containing more than 1000 Gallons of Explosive/Flammable Fuel (Includes Gas Stations)</li> <li>• Properties Located in Coastal Barrier Resources Systems (CBRS)</li> <li>• Properties that do not meet FHA MPR/MPS.</li> <li>• Timeshares</li> <li>• Vacation Homes</li> <li>• Working Farms and Ranches</li> </ul>
<b>Land Trusts</b>	Not Eligible

Topic	Guideline															
Manual Underwriting	Allowed - must meet the following requirements:															
	<table border="1"> <thead> <tr> <th>Lowest Minimum Decision Credit Score</th> <th>Maximum Qualifying Ratios</th> <th>Acceptable Compensating Factors</th> </tr> </thead> <tbody> <tr> <td>640 and Above</td> <td>31/43</td> <td>Compensating factors are not required.</td> </tr> <tr> <td>640 and Above</td> <td>37/47</td> <td>One of the following: <ul style="list-style-type: none"> <li>• Verified and documented cash reserves;</li> <li>• Minimal increase in housing payment; or</li> <li>• Residual income</li> </ul> </td> </tr> <tr> <td>640 and Above</td> <td>40/40</td> <td>No discretionary debt</td> </tr> <tr> <td>640 and Above</td> <td>40/50</td> <td>Two of the following: <ul style="list-style-type: none"> <li>• Verified and documented cash reserves;</li> <li>• Minimal increase in housing payment; or</li> <li>• Residual income</li> </ul> </td> </tr> </tbody> </table>	Lowest Minimum Decision Credit Score	Maximum Qualifying Ratios	Acceptable Compensating Factors	640 and Above	31/43	Compensating factors are not required.	640 and Above	37/47	One of the following: <ul style="list-style-type: none"> <li>• Verified and documented cash reserves;</li> <li>• Minimal increase in housing payment; or</li> <li>• Residual income</li> </ul>	640 and Above	40/40	No discretionary debt	640 and Above	40/50	Two of the following: <ul style="list-style-type: none"> <li>• Verified and documented cash reserves;</li> <li>• Minimal increase in housing payment; or</li> <li>• Residual income</li> </ul>
	Lowest Minimum Decision Credit Score	Maximum Qualifying Ratios	Acceptable Compensating Factors													
	640 and Above	31/43	Compensating factors are not required.													
	640 and Above	37/47	One of the following: <ul style="list-style-type: none"> <li>• Verified and documented cash reserves;</li> <li>• Minimal increase in housing payment; or</li> <li>• Residual income</li> </ul>													
640 and Above	40/40	No discretionary debt														
640 and Above	40/50	Two of the following: <ul style="list-style-type: none"> <li>• Verified and documented cash reserves;</li> <li>• Minimal increase in housing payment; or</li> <li>• Residual income</li> </ul>														
Mixed Use Properties	Not allowed															
Non-Occupant Co-Borrower	<ul style="list-style-type: none"> <li>• 75% Maximum LTV on 1-4 units unless the non-occupant co-borrower is a family member as defined by FHA</li> <li>• Rental income may not be used to qualify</li> <li>• Not allowed for qualifying purposes on cash-out refinance transactions</li> <li>• The non-occupant co-borrower must take title to the property and sign the Note and deed of trust/mortgage</li> <li>• The non-occupant co-borrower must have a principal residence in the United States or be a U.S. citizen</li> </ul>															
Non-Traditional Credit	Not Eligible															
Number of Borrowers	There can be no more than 4 borrowers per loan															
PACE (HERO) Programs	Not Eligible															
Projected Income	Not allowed															
Refinance Seasoning Requirements	<p>Prior to case number assignment:</p> <ul style="list-style-type: none"> <li>• Six (6) consecutive monthly payments must be made on the subject property being refinanced</li> <li>• Six (6) months must have passed since the first payment due date of the subject property</li> <li>• Minimum of 210 days must have passed since the closing date of the subject property.</li> </ul>															
Sales Contracts	Assigned Sales Contracts - Not Allowed															
Section 8 Voucher	Not Allowed															

Topic	Guideline
<b>Tax Returns</b>	<ul style="list-style-type: none"> <li>• Amended tax returns that increase the borrower’s income - Not Allowed</li> <li>• When the tax return reflects monies are owed to the IRS for the most recent tax year, evidence of payment to the IRS is required.</li> </ul>
<b>Temporary Buy Downs</b>	Not Allowed
<b>Texas 50(a)(6)</b>	Not Allowed
<b>Unpermitted Additions</b>	Acceptable Unpermitted Property Additions: <ul style="list-style-type: none"> <li>• The addition complies with all FHA guidelines</li> <li>• The addition does not result in a change in the number of units</li> <li>• The appraiser has no reason to believe the addition would not pass inspection for a permit.</li> </ul>