

FHA Underwriting Guidelines:

	Purchase / R&T Refinance	Cash Out Refinance
Occupancy	Owner Occupied Only	
Loan Programs	15 & 30 year fixed, 1/1, 3/1 and 5/1 Arm	
Maximum LTV	1-4 Unit 97.15% - Low Cost Closing *See county limits 97.75% - Hi Cost Closing States	1-2 Unit – 95%* 3-4 Unit – 85% Loan Amt > \$417,000 – 85% * Requires 0x30 mtg. history; Non-occupant co-borrowers not permitted
Maximum CLTV	LTV See max	May exceed 100% CLTV when subordinating existing secondary financing
Maximum Loan Amount	See FHA statutory loan limits by county Current 1 Unit Floor: \$271,050 Current 1 Unit Ceiling \$729,750; <u>Secondary financing</u> -combined financing may not exceed FHA Statutory Loan Limits	Loan Limits Same as Purchase / Rate & Term <u>Secondary financing</u> – Institutional financing combined with FHA 1st may exceed statutory loan limits. No restrictions if subordinating.
FHA Jumbo Limits	1 Unit > \$362,750 2 Unit > \$464,449 3 Unit > \$561,411 4 Unit > \$697,696	
Credit Score Requirements (lowest mid score all borrowers)	Fixed: No Minimum FICO* ARMS: 550 Minimum FICO >500,000: 600 min. FICO No Score-Follow < 550 Req. < 580 FICO Requires: DU (or) LP Automated Approval	
Mortgage Insurance	Upfront MIP – 1.5% of loan amount applicable for all loans regardless of LTV with the exception being 15 year fixed with LTV < 90%. Can be financed or paid in cash by Borrower, Seller, or interested 3rd party. Monthly MI - .50% of base loan amount (prior to adding upfront MIP). Applicable for all loans regardless of LTV with the exception being 15 year Fixed with LTV < 90% (requiring .25%)	
Mortgage History	Max LTV: 1x30 past 12 months < 90% LTV: 3x30 past 12 months or 1x60 (must be over 6 months) Mortgage debt must be current prior to closing < 580 Fico: max 1x30	
Rental History	Private VOR acceptable, cancelled checks, management VOR required if used as trade line; Rent Free Okay & Acceptable	N/A
Trade Line Requirements	Must evidence 3 traditional (or) non-traditional trade lines. A qualifying trade line must be open and active for 12 months and date last active within 12 months. **0 x 30 mortgage history satisfies trade line requirement	

Qualifying Housing Ratio (Front End DTI)	Max LTV	35%
	90% - 95% LTV	37%
	85% - 89.9% LTV	39%
	< 85% LTV	43%
	*ARMS >= 95% Qualify at Note Rate + 1.0%	
Qualifying Debt Ratio (Back End DTI)	Max LTV	45%
	90% - 95% LTV	47%
	< 90% LTV	49.9%
	< 580 FICO (w/LP Accept)	43%
	*ARMS >= 95% Qualify at Note Rate + 1.0%	
Documentation Type:	Full Doc/Alternative Doc Only;	
	<p>Salaried- Fully completed written VOE and current YTD paystubs (or) 2 consecutive paystubs and most recent 2 years W2 statements.</p> <p>1099 & Self Employed - most recent 2 years personal tax returns (if applicable) & P&L statement if > 6 months since most recent filing. < 6 months requires proof of filing and payment</p> <ul style="list-style-type: none"> • 2 years SE required (*see compensating factors) • Part Time income – one (1) year minimum • Non taxable – use 125% • Other income – must demonstrate 3 years continuance • Rental income – use 85% of valid lease agreement 	
Reserve Requirements	<p>1-2 Unit: None Required</p> <p>3-4 Unit: 2 months PITI</p> <p>(Proceeds from cash out can not be used as reserves)</p>	
Asset Verification	Most recent 2 months bank statements (all pages) or written verification of deposit with 60 day average balance.	
	Gift Documentation – must clearly evidence withdrawal from donor's account and deposit into borrowers accounts.	
	Down payment assistance programs* Nehemiah and Ameridream, Inc. preferred programs* (approved 6.0% maximum; can be a combination of seller, realtor or interested party (seller excluded))	
Financing Concessions	6% maximum. Can be combination of seller, realtor or other interested party (seller excluded)	N/A
Lender Paid Closing Costs	Permitted without limitation through "Par-Plus" pricing. Can be combined with seller financing concession, however 3% borrower investment must be verified	
Eligible Property Types	SFR, PUD, FHA Approved Condo Unit, FHA "Spot" Condo Unit, 2-4 unit. See FHA Approved Condo Projects:	
Declining Markets	Properties classified as being in a declining market by one of the following:	
	<ul style="list-style-type: none"> • Declining Market County List • Market indicated by appraiser as: Declining Values, Over Supply, Marketing Time > 6 months. 	
	If FHA Jumbo Loan > \$417,000 and LTV > 95%	
	2 full appraisals will be required (SFR only require exterior only)	
<i>Down Payment Assistance not allowed if FICO < 660</i>		

Seasoning Requirements	<ul style="list-style-type: none"> • Seller on title < 3 months: ineligible * • Seller on title 3 – 6 months: two (2) appraisals required * • R/T Refi – 12 month required or must use original purchase price • Junior liens must be seasoned • HELOC's – no draws past 12 months • HELOAN – 12 months <p style="text-align: center;">* Does not apply to HUD REO or Bank Owned Properties</p>	
Cash Out Limitations	N/A	Max Cash in Hand \$200k; Chapter 13 Buyout Debt Consolidation (+) max 5k cash out **No more than 1 Cash Out transaction in a 12 month period.
Required FHA Disclosures	<ul style="list-style-type: none"> • FHA Addendum to Application pages 1& 2 • FHA Notice to Homebuyers • FHA Assumption Notice – Release of Liability • FHA Consumer Choice Disclosure • FHA Identity of Interest Disclosure • FHA Amendatory CILPe/Real Estate Certification contract rider 	
Credit Doc Expirations	<ul style="list-style-type: none"> • Appraisal – within 120 days of underwriting, 6 months of closing • Credit Report – within 60 days of underwriting, 90 days of closing • Income Docs – within 30 days of closing • Asset Docs – within 60 days of closing 	
Compensating Factors (must have at least 2 compensating factors to exceed guidelines)	<ol style="list-style-type: none"> 1) LTV 5% below maximum 2) Down payment and closing costs all borrower's funds or 3 months PITI reserves 3) Credit Score 620 + 4) 0x30 mortgage history 5) Job Stability 3+ years 6) DTI 5% under maximum 7) Payment shock < 125% of verifiable current housing payment 	

