

FHA Snapshot

As of 03.01.2023

All GHMC overlays are written in **BLUE**

Newest updates are written in **RED**

Purchase Eligibility Matrix					
Primary Residence Only					
Channel	Property Type	Min FICO	Max LTV/CLTV/HCLTV ¹	Max DTI	Underwrite Method
Retail	SFR/ PUD; Condo; 2-4 unit	580 ²	96.50%	Per AUS	AUS Approval
TPO / Retail		600		50%	
		620		Per AUS	
		640		31% / 43% ³	Manual UW

¹See Transactions that impact LTV section.
²Requires two months PITIA reserves
³May exceed 31/43 with significant compensating factors per the FHA [HUD Handbook 4000.1](#)

Refinance Eligibility Matrix						
Primary Residence Only						
Channel	Property Type	Loan Purpose	Min FICO	Max LTV/CLTV/HCLTV	Max DTI	Underwrite Method
Retail	SFR/ PUD; Condo; 2-4 Unit	No Cash-Out	580 ¹	97.75% ²	Per AUS	AUS Approval
TPO / Retail			600		50%	
			620		Per AUS	
Retail	SFR/ PUD; Condo; 2-4 Unit	Cash- Out	580 ¹	80%	Per AUS	
TPO / Retail			600		50%	
			620		Per AUS	
TPO	SFR/ PUD; Condo; 2-4 Unit	Streamline	640	97.75%	31% / 43% ³	Manual UW

¹ Requires two months PITIA reserves
²Max LTV = 85% for a borrower who has occupied as their principal residence < 12 months prior to case number assignment.
³ Max DTI only pertains to credit qualifying streamlines.

High Balance Eligibility Matrix					
Primary Residence Only					
Property Type	Loan Purpose	Min FICO	Max LTV/ CLTV/ HCLTV	Max DTI	Underwrite Method
SFR/PUD; Condo; 2-4 Unit	Purchase	660	96.5%	Per AUS	AUS Approval
	No Cash-Out		97.75%		
	Cash-Out		80%		
	Streamline Refi	700	96.5%	31% / 43% ¹	Manual UW

¹ Max DTI only pertains to credit qualifying streamlines.

FHA Program Summary & Overlays

The following is an overview of core guidelines and overlays. This is not a complete set of guidelines. Please refer to the FHA [HUD Handbook](#) 4000.1 for additional program requirements.

Topic	Description							
Products & Terms	Term	Conforming Products			High Balance Products			
	360	FHA Fixed 30			FHA High Balance Fixed 30			
	300	FHA Fixed 25						
	240	FHA Fixed 20						
	180	FHA Fixed 15						
	120	FHA Fixed 10						
<ul style="list-style-type: none"> Temporary Buydowns not permitted. 								
Base Loan Amount	2023 Limits							
	Area	1 Unit	2 Units	3 Units	4 Units			
	Low-Cost Area	\$472,030	\$604,400	\$730,525	\$907,900			
	High-Cost Area	\$1,089,300	\$1,394,775	\$1,685,850	\$2,095,200			
	Alaska & Hawaii	\$1,633,950	\$2,092,150	\$2,528,775	\$3,142,800			
To confirm the FHA loan limits for a particular property, see FHA Mortgage Limits								
Mortgage Insurance Premiums (MIP)	FHA collects a one-time UFMIP and an annual MIP as shown below. The UFMIP may be financed. The most common factors are shown. The MIP factors may be different for higher loan amounts or lower LTV.							
	Loan Type	UFMIP	Term	Loan Amount	LTV	MIP	Duration	
	Purchase or Refinance	1.75%	> 15 years	≤ \$726,200	≤ 90%	50	11 Years	
					> 90% but ≤ 95%		Mortgage Term	
					> 95%			
				> \$726,200	≤ 90%	70	11 Years	
					> 90% but ≤ 95%		Mortgage Term	
					> 95%			
	≤ 15 Years		≤ \$726,200	≤ 95%	15	11 Years		
				> 90%		Mortgage Term		
> \$726,200			≤ 78%	15	11 Years			
			> 78% but ≤ 90%		40	Mortgage Term		
> 90%	65							
Transactions that Impact the Maximum LTV	<ul style="list-style-type: none"> Identity of Interest is a sale between parties with an existing business relationship or between family members. <ul style="list-style-type: none"> Max LTV is 85% Non-Occupant Borrower <ul style="list-style-type: none"> Max LTV is 75% See FHA HUD Handbook 4000.1 for exceptions Borrower who has occupied subject <ul style="list-style-type: none"> See FHA HUD Handbook 4000.1 – Allowable Mortgage Parameters/ Loan-to-value Limits for list of possible exceptions 							
	Interested Party Contributions	Permitted up to 6% the following items:						
		<ul style="list-style-type: none"> Closing Costs Prepaid Expenses Discount points 			<ul style="list-style-type: none"> Payment of mortgage interest for fixed rate mortgages Mortgage payment protection insurance Payment of upfront mortgage insurance premium 			
<ul style="list-style-type: none"> 2-4 Unit with accessory Unit Condo Hotels/motels Cooperatives Geodesic Domes Manufactured/mobile Homes Resort condos or timeshares Properties that do not meet Minimum property Requirements (MPR) and 								
Ineligible Properties	<ul style="list-style-type: none"> Properties located within the coastal barrier resources system Properties on Native American lands Properties subject to litigation Properties with a condition rating of C5/C6 Properties with a quality rating of Q5/Q6 Unimproved land, working farms, and ranches Second Homes Investment Properties 							

	<ul style="list-style-type: none"> Minimum Property Standards (MPS). <ul style="list-style-type: none"> Properties located on tribal land
Condominiums/Puds	<ul style="list-style-type: none"> Must be in an FHA approved condominium project. Documented from FHA Connection HUD REOs do not require FHA condominium project approval Project must have HRAP approval to be eligible for FHA financing.
Underwriting Method	<ul style="list-style-type: none"> All loans must be run through FHA TOTAL Mortgage Scorecard via an AUS Guaranty Home Mortgage Corporation reserves the right to make the final underwriting decision regardless of AUS finding Underwriting with TOTAL 'Approve' or 'Accept' Recommendation <p>AUS Underwriting: All loans must be run through FHA TOTAL Scorecard via DU or LPA. AUS will be used for underwriting so long as none of the downgrade factors below are present:</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, e.g., NSF or overdraft fees. Borrower has undisclosed mortgage debt. Borrower has \$1,000 or more collectively in disputed derogatory credit accounts. Business income shows a >20% decline over the analysis period. Bankruptcy discharge is within two years from the date of case number assignment Other significant derogatory credit (short sale, foreclosure, deed-in-lieu) within three years of case number assignment. <p>Manual Underwriting when AUS issues 'Refer' Finding or a Manual Downgrade is required.</p> <ul style="list-style-type: none"> Ratios that exceed 31%/43% require compensating factors as noted in HUD Handbook 4000.1 May consider a borrower to have acceptable credit history: <ul style="list-style-type: none"> Housing and installment debt is paid timely for previous 12 months and has no more than 2 X 30 late mortgage or installment payments in the previous 24 months (housing payments made to private individual – cancelled checks are required). No major derogatory revolving account in previous 12 months (0x90 or 3x60) <p>All Manual Underwriting transactions require Underwriting Manager approval.</p>
Credit	<ul style="list-style-type: none"> A tri-merged credit report is required for all borrowers. At least one credit score is required for each borrower. Clear CAIVRS required for all borrowers. Judgments must be resolved or paid off prior to or at closing, unless borrower has an established payment agreement, has made at least 3 consecutive payments, and the judgment does not impact FHA insured lien position (payments cannot be pre-paid). See Significant Derogatory Credit section for additional credit requirements. <p>Delinquent Federal Non-Tax Debt:</p> <ul style="list-style-type: none"> Mortgagees are prohibited from processing an application for an FHA Insured Mortgage for Borrowers with delinquent federal non-tax debt. <ul style="list-style-type: none"> Must verify the validity and delinquency status of the debt by contacting the creditor agency. If the debt is valid and in delinquent status, the Borrower is ineligible until the debt has been resolved. File must include documentation from the creditor agency to support the verification and resolution of the debt, or if the debt is reported through CAIVRS, a clear CAIVRS number. <p>Delinquent Federal Tax Debt & Tax Liens:</p> <ul style="list-style-type: none"> Borrowers with delinquent Federal Tax Debt are ineligible. If the borrower has entered into a valid repayment agreement, the borrower is eligible, subject to the following: <ul style="list-style-type: none"> Copy of the final approved repayment agreement from the IRS. Borrower must have made a minimum of three timely payments. The Borrower cannot pre-pay schedule payments to meet the minimum 3 payments. The file must include a payment history for as many payments that have been made in the most recent 12 months. Payment must be included in the borrower's DTI. <p>See FHA HUD Handbook 4000.1 for additional credit requirements as well as requirements for loans that require a</p>

	<p>manual underwrite not addressed.</p>
Student Loans	<ul style="list-style-type: none"> Student loan debt must be included in the Borrower's liabilities, regardless of the payment type or status of payments. <p>Required Documentation</p> <ul style="list-style-type: none"> If the payment used for the monthly obligation is less than the monthly payment reported on the Borrower's credit report, the Mortgagee must obtain written documentation of the actual monthly payment, the payment status, and evidence of the outstanding balance and terms from the creditor or student loan servicer. The Mortgagee may exclude the payment from the Borrower's monthly debt calculation where written documentation from the student loan program, creditor, or student loan servicer indicates that the loan balance has been forgiven, canceled, discharged, or otherwise paid in full. <p>Calculation of Monthly Obligation</p> <ul style="list-style-type: none"> For outstanding Student Loans, regardless of the payment status, the Mortgagee must use: <ul style="list-style-type: none"> The payment amount reported on the credit report or the actual documented payment, when the payment amount is above zero; 0.5 percent of the outstanding loan balance, when the monthly payment reported on the Borrower's credit report is zero. Exception: Where a student loan payment has been suspended in accordance with COVID-19 emergency relief, the Mortgagee may use the payment amount reported on the credit report or the actual documented payment prior to suspension, when that payment amount is above \$0.00.
Appraisal Requirements	<ul style="list-style-type: none"> Must be performed by an FHA Roster Appraiser. Initial appraisal good for 180 days. Appraisal update may be performed if the initial appraisal has not yet expired. The total validity period is 365 days. <p>See FHA HUD Handbook 4000.1 for additional appraisal requirements not addressed.</p>
Termite, Septic, and Individual Water System Inspections	<ul style="list-style-type: none"> Termite Inspections/Certifications – Required for properties < one (1) yr old or when the appraisal indicates there is a concern Well and Septic Inspections- Required when appraisal notes any observed concerns or when required by state law Cisterns, springs, and water sources other than dug wells are not acceptable.
Income Documentation	<ul style="list-style-type: none"> Employment related income must be verified for the most recent two years. Part time employment income may be used to qualify if the borrower has worked a part-time job uninterrupted for the past two years and the current position is likely to continue. Seasonal employment income may be used to qualify if the borrower has worked the same line of work for the past two years and is reasonably likely to be rehired for the next season. Borrowers employed by family-owned business must provide copies of signed personal tax returns or tax transcripts. Gaps in employment of six months or more require borrower to be on the current job for at least six months at the time of the case number assignment, and, must have a two-year work history prior to the absence from employment as documented via standard or alternative employment verification methods. Alimony, Child Support & Maintenance Income requirements include a fully executed copy of the final divorce decree, legal separation agreement or court order or voluntary payment agreement; 3 most recent months receipt for all except for in the case of voluntary payments, which requires 12 most recent months receipt. All alimony, child support & maintenance income must continue for at least three years. <p>See FHA HUD Handbook 4000.1 for additional income types/sources, income analysis, as well as requirements for loans that require a manual underwrite not addressed.</p>
IRS Transcripts	<ul style="list-style-type: none"> IRS form 4506C and taxpayer consent form must be signed, completed, dated, and received upon submission as well as at closing by all borrowers. IRS Transcripts required when income from an income tax return is used in qualifying.

<p>Asset Requirements and Reserves</p>	<ul style="list-style-type: none"> • Required reserves are determined by AUS except in the case of a manual underwrite or 3-4 unit property. • 3.5% Minimum Required Investment (MRI) from the borrower. • Earnest Money Deposit must be verified/sourced if it exceeds 1% of the sales price or is excessive based on borrower’s history of accumulated savings. • Gift funds <ul style="list-style-type: none"> ○ Must be from an acceptable source: <ul style="list-style-type: none"> ▪ Family member: <ul style="list-style-type: none"> • Child, parent, or grandparent • Spouse or domestic partner • Brother/sister • Uncle/aunt • In-law (son, daughter, father, mother, brother, sister) ○ Have a gift letter signed by borrower and donor. ○ Must evidence of transfer of funds (W/D from donor, receipt by borrower), including donor’s ability. ○ May not be used to satisfy reserve requirements on a manual underwrite. • Recently opened accounts and large deposits > 1% of adjusted value of subject property, must document the deposits and verify no debts were incurred. • Retirement accounts – use 60% of the value (less any loans). • Inducements to purchase require a dollar-for-dollar reduction to the purchase price used to determine the LTV and include but are not limited to: <ul style="list-style-type: none"> ○ Contributions exceeding 6% of the purchase price ○ Contributions exceeding the origination fees, other closing costs, prepaid items, and discount points. ○ Decorating allowances. ○ Excess rent credit. ○ Moving costs. ○ Paying off consumer debt. ○ Personal property. ○ Sales commission on the borrower’s present residence. ○ Below-market rent (except for borrowers who meet ID of interest exception for family members). • Sale of Personal Property <ul style="list-style-type: none"> ○ Must obtain all of the following: <ul style="list-style-type: none"> ▪ Recent estimate establishing the value of the item. ▪ Copy of bill of sale. ▪ Evidence of receipt of the sale proceeds. ▪ Evidence the deposit of the sale proceeds. • All non-borrower parties reflected on a bank account must provide access letter. <p>See FHA HUD Handbook 4000.1 for additional requirements for gifts, cash on hand, employers’ programs, unique savings, grants, secondary financing, gifts of equity, and other asset sources as well as requirements for loans that require a manual underwrite not addressed.</p>
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Significant Derogatory Credit		
Credit Event	FHA Total Mortgage Scorecard	Manual Underwriting
See FHA HUD Handbook 4000.1 for additional requirements for TOTAL and Manual Underwriting requirements related to credit requirements not addressed	No housing delinquency or new public records since discharge of bankruptcy, foreclosure, or deed-in-lieu.	

Chapter 7 Bankruptcy	Bankruptcy discharged at least two years from the date of case number assignment. If not, the loan must be downgraded to a 'Refer' and manually underwritten.	<p>Discharged < two years, but at least 12 months before case number assignment – exception may be allowed:</p> <ul style="list-style-type: none"> • Borrower must have re-established good credit or • Borrower chose not to incur new credit obligations • Borrower to provide explanation and documentation to support that the bankruptcy was caused by extenuating circumstances beyond the borrower's control. • Borrower has since exhibited a documented ability to manage financial affairs in a responsible manner. • The borrower's current situation must indicate that the events that led to the bankruptcy are not likely to recur.
Chapter 13 Bankruptcy	Bankruptcy discharged at least two years from the date of case number assignment. If not, the loan must be downgraded to a 'Refer' and manually underwritten	<p>Discharged < two years but at least 12 months before case number assignment, exception may be allowed:</p> <ul style="list-style-type: none"> • Document the discharge date with either the credit report or full BK docs including discharge. • Document that borrower's current situation indicates that the events that led to the bankruptcy are not likely to recur. <p>Not discharged but has been in repayment for a minimum of 12 months, exception may be allowed.</p> <ul style="list-style-type: none"> • Document that all required payments were made on time during payout period. • Obtain written permission from the Bankruptcy Court to enter a mortgage transaction.
Forbearance Plan	<ul style="list-style-type: none"> • Where a mortgage reflects payments under a forbearance plan within 12 months prior to case number assignment, obtain: <ul style="list-style-type: none"> ◦ Copy of forbearance plan (Not required if result of COVID-19 National Emergency) and ◦ Evidence of the payment amount and date of payments during the forbearance term. • A borrower granted mortgage payment forbearance and continues to make payments as agreed under the terms of the original Note shall be treated as if not in forbearance provided the forbearance plan is terminated prior to closing. • A borrower who was granted a mortgage payment forbearance must have met the requirements below for the applicable transaction type: <ul style="list-style-type: none"> ◦ Purchase, Rate/Term, and Simple Refinance: <ul style="list-style-type: none"> ▪ Completed the forbearance plan on the subject property, and ▪ Made at least three consecutive mortgage payments within the month due since completing the forbearance plan 	
	Cash-Out Refinance: <ul style="list-style-type: none"> • Completed the forbearance plan on subject property, and made at least 12 consecutive mortgage payments within the month due since completing the forbearance plan 	Cash-Out Refinance: <ul style="list-style-type: none"> • Ineligible for Manual Underwrite
Foreclosure, Short-Sale, or	The deed transfer must have been at least 3 years prior to the FHA Case Number assignment date.	

<p>Deed-in-Lieu</p>	<p>If the borrower had a foreclosure, a DIL of foreclosure, or a short sale in which title transferred from the borrower within three years of a case number assignment, the loan must be downgraded to a 'Refer' and manually underwritten</p>	<p>If < three years, exception may be allowed:</p> <p>Foreclosure or DIL</p> <ul style="list-style-type: none"> • Foreclosure was due to extenuating circumstances that were beyond the control of the borrower (Divorce is NOT considered an extenuating circumstance) • Borrower must explain and must be able to provide documentation to support the extenuating circumstance. • Must have re-established good credit. • Multiple foreclosures ineligible for exception. <p>Short-Sale</p> <ul style="list-style-type: none"> • Borrower was current, and all mortgage payments and installment payments were made within the month due for the 12-month period preceding the Short Sale, OR: • Short Sale was due to extenuating circumstances that were beyond the control of the borrower (Divorce is NOT considered an extenuating circumstance) • Borrower must explain and must be able to provide documentation to support the extenuating circumstance. • Must have re-established good credit
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FHA Program Summary & Overlays	
Topic	Details
Mortgage Credit Certificate	Mortgage Credit Certificates (MCC) cannot be used for debt-to-income qualification purposes.
Property Flipping Policy	<ul style="list-style-type: none"> Properties sold within 90 days of purchase not permitted (unless it meets an exemption noted in HUD Handbook 4000.1) A second full appraisal from a different appraiser is required if the resale price is $\geq 100\%$ of the original purchase price. Borrower may not be charged for the second appraisal. See FHA HUD Handbook 4000.1 for additional requirements related to property flipping.
Maximum FHA Loans	<ul style="list-style-type: none"> A borrower may have one FHA insured mortgage unless qualifying exceptions noted in the FHA HUD Handbook 4000.1 can be met.
Exclusionary List	Must review the HUD Limited Denial of Participation (LDP) and the System for Award Management (SAM) to confirm eligibility.
Ineligible Transactions	<ul style="list-style-type: none"> FHA Energy Efficiency Mortgages. Section 184 Indian Home Loan Guarantee Program. FHA Back to Work Policy Cash-Out refinances with CLTV $>80\%$ Cash-Out refinances in the state of Texas. Condominium projects that are not FHA approved or with DELRAP approval (project must have HRAP approval to be eligible for FHA financing). Fully qualifying and documented rate/term refinances with CLTV $> 97.75\%$. Loans with any Section 50(a)(6) financing. FHA Construction Permanent Mortgage Program as detailed in the 4155.1 Chapter 6, Section A Subsection 3-5. HOPE for Homeowner's Program. HUD 184 Program - Indian Reservations. Hawaiian Homelands. FHA 203k Renovation or Streamline 203K. FHA Section 8 loans. FHA Military Impact Area Loans. FHA loans to non-profit organization borrowers. FHA Refinance Loans for borrowers in Negative Equity Position (ML 2010-23) Loans subject to the FHA Test Case requirements. Loans approved based on non-traditional credit history. Properties with water purification or filtration systems.
Ineligible Borrowers	<ul style="list-style-type: none"> Foreign Nationals Borrowers with diplomatic immunity LLC's Borrowers without social security numbers Living "Inter vivos" trust
Escrow Accounts	Escrow impounds for taxes and insurance are required.
High Cost and High-Priced Loans	'High Cost' loans not permitted. Loans defined as a 'Higher-Priced Mortgage Loan' or 'Higher-Priced Covered Transaction' under Regulation Z may be eligible on a case-by-case basis and additional restrictions apply.
Sales Contract Changes	GHMC will not accept renegotiated purchase agreements that increase the sales price after the original appraisal has been completed. The Loan to Value will be based on the lower of the original purchase price or the appraised value, unless; <ul style="list-style-type: none"> Re-negotiation of only seller paid closing costs and/or pre-pays where seller paid closing costs/pre-pays are common and customary for the market and supported by the comparables, or An amended purchase agreement for new construction property is obtained due to improvements that have been made that impact the tangible value of the property. In the event of such changes, an updated appraisal must be obtained to verify the value of modifications.
Verbal Verification of Employment (VVOE)	<ul style="list-style-type: none"> Self-employed borrowers to have Verbal VOE completed within 30 days of note date.
For additional FHA loan program information: Hud Handbook 4000.1 GHMC Overlays to guidelines are indicated with blue font. FHA Loan Limit calculation worksheets can be found in the Resource Center of Open Close under Job Aids > Government Worksheets	

FHA Refinance Transactions

- FHA to FHA refinances may be used with any refinance type.
- A Refinance Authorization from FHA Connection is required for all FHA-to-FHA refinances.
- At least one borrower on the refinance mortgage must hold title to the property being refinanced prior to the case number assignment.
- Borrower(s) may not be on any exclusion list (LDP/GSA).
- [0x30 in the most recent 12 months prior to case number assignment date.](#)
- LTV reduced to 85% for a borrower who has occupied the subject as their primary residence for < 12 months prior to case number assignment.
- Maximum cash back to the borrower at closing is \$500 – loan must be underwritten to \$0 cash back.
- Cash from borrower at closing must be verified
- Pay-off may include the following:
 - Unpaid principal balance as of month prior to mortgage disbursement for current First lien and a junior purchase money lien.
 - Other junior liens > 12 months old as of date of disbursement. The balance may not include any draws made in the most 12 months in excess of \$1,000 unless it can be documented the funds were used for repair/rehab of subject.
 - Interest and mortgage insurance (MIP) due on existing mortgage.
 - Late charges.
 - Escrow shortages.
 - All borrower paid costs associated with the new mortgage.
- May be used to provide equity pay out to ex-spouse or co-borrower (must obtain divorce decree, settlement agreement, other legal equity agreement).
- Texas 50(a)(4) transactions permitted with no cash back to borrower – must meet all Texas 50(a)(4) requirements.
- UFMIP refund as applicable

See FHA [HUD Handbook](#) 4000.1 Programs and Products/refinances for additional requirements related to Refinances as well as requirements for manually underwritten transactions not addressed.

Cash-out Refinances

- Property securing the cash-out refinance must have been owned and occupied by at least one borrower as their principal residence for the 12 months prior to the date of case number assignment; file must contain documentation to support (borrowers employment documentation, utility bills, etc).
- [0x30 in the most recent 12 months.](#)
- Properties with mortgages must meet seasoning requirements:
 - Made a minimum of six months of mortgage payments beginning with the first payment due date AND
 - The first payment due date of the subject refinance loan occurs no earlier than 210 days after the first payment due date on the loan being refinanced.
- Non-occupant co-borrower income may not be used for qualification
- Actively listed cash-out refinance transactions not permitted
 - The listing must have been withdrawn or expired prior to application, and
 - Borrower must confirm intent to occupy the subject property.

Simple Refinance

Must review employment documentation or utility bills to evidence borrower currently occupies the property as their primary residence.

Manual Underwrite required (no AUS)

- [0x30 in the most recent 12 months.](#)
- Maximum cash back to the borrower at closing in \$500 – loan must be underwritten to \$0 cash back.
- Cash from borrower at closing must be verified.
- Must meet seasoning requirements:
 - Made a minimum of six months of mortgage payments beginning with the first payment due date, AND
 - The first payment due date of the subject refinance loan occurs no earlier than 210 days after the first payment due date on the loan being refinanced.
- Pay off may include the following:
 - Unpaid principal balance as of the month prior to mortgage disbursement
 - Interest due on existing mortgage
 - Unpaid principal balance of any PACE obligation
 - MIP due on existing mortgage
 - Late charges
 - Escrow shortages
 - Borrower paid costs associated with the new mortgage
- UFMIP refund as applicable

Streamline Refinance

- Refinances an existing FHA-insured mortgage.
- [Primary residence only](#)



- Manual Underwrite required (no AUS)
- Mortgage Only credit report with scores acceptable
- 0 x 30 in most recent 12 months before case number assignment
- Must obtain evidence borrower currently occupies as primary residence with one of the following:
 - Borrower's employment documentation;
 - Utility bills; or
 - Direct electronic verification by a third party verification vendor verifying the borrower's address is the same as that of the subject property.
- Maximum cash back to the borrower at closing is \$500- loan must be underwritten to \$0 cash back
- Mortgage must be current for the month due
- Must meet seasoning requirements. As of the date of the FHA case number assignment:
- Made a minimum of six months of mortgage payments beginning with the first payment due date, AND
- At least six (6) full months must have passed from the Closing date of the Mortgage that is being refinanced, AND
- At least 210 days must have passed from the Closing Date of the Mortgage that is being refinanced
- If the borrower assumed the mortgage, they must have made six (6) payments since the date of assumption
- Must meet FHA Net Tangible Benefit requirements as noted in the 4000.1
- Max term of the new loan must be the lesser of:
 - the current remaining term plus 12 years or
 - 30 years
- Maximum new base loan amount is the lesser of:
 - Outstanding principal balance of the existing mortgage as of the month prior to mortgage disbursement
 - Interest due on existing mortgage
 - Late charges
 - Escrow shortages
 - MIP due on existing mortgage, OR
 - The original principal balance of the existing mortgage (including financed UFMIP)
 - UFMIP refund as applicable
 - The original value of the property to determine LTV

Non-Credit Qualifying

- All borrowers on existing mortgage remain as borrowers on new mortgage except for:
- In the case of divorce, legal separation or death and the legal document reflects the property and responsibility were awarded to the remaining borrower, AND
- the remaining borrower can demonstrate they have made the mortgage payments for a minimum of six (6) months prior to the case number assignment
- An abbreviated URLA is acceptable. Income, assets & liabilities can be left blank.
- Verbal VOE is required to verify current source of income

Credit Qualifying

- At least one borrower from the existing mortgage must remain as a borrower on the new mortgage
- Must meet all requirements of manual underwriting except for any requirements related to appraisal or LTV Calculations

Updates																						
All new updates will be in RED font.																						
Section	Date	Update																				
Arm Criteria	06.02.2022	Section Removed																				
Cash Out Refinance	09.01.2022	Guideline Updated: Property securing the cash-out refinance must have been owned and occupied by at least one borrower as their principal residence for the 12 months prior to the date of case number assignment																				
Streamline Refinance	09.01.2022	Guideline Updated: Must obtain evidence borrower currently occupies as primary residence with one of the following: <ul style="list-style-type: none"> • Borrower's employment documentation; • Utility bills; or • Direct electronic verification by a third party verification vendor verifying the borrower's address is the same as that of the subject property. 																				
Min FICO Scores	09.15.2022	Updated: Lowered Minimum FICO to 600 with AUS Approval.																				
Max DTI	09.15.2022	Added: Transactions with FICO scores between 600-619 have a Maximum DTI of 50%																				
Base Loan Amount	01.05.2023	2023 Limits																				
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Appraisal Requirements	02.02.2023	Updated: <ul style="list-style-type: none"> • Must be performed by an FHA Roster Appraiser. • Initial appraisal good for 180 days. • Appraisal update may be performed if the initial appraisal has not yet expired. The total validity period is 365 days. Removed: <ul style="list-style-type: none"> • Appraisal may be extended for 30 days if loan approval was issued before expiration date, or the borrower signed a valid sales contract prior to expiration date. • Full appraisal accompanied by form 1004MC required for all submissions (with the exception of certain streamline refinances). 																				
LTV Matrix	02.02.2023	Added: Reduced Minimum FICO score to 580 for retail loans																				
Mortgage Insurance Premiums (MIP)	03.01.2023	MIP Chart Updated																				