

Product Matrix

HUD Housing Handbooks:

https://www.hud.gov/program_offices/administration/hudclips/handbooks/hsg

Transaction Type	# of Units ¹	Maximum LTV/CLTV/HCLTV	Minimum Credit Score ^{1,2}
Purchase	1-4	96.50%/105.00% ³	600 (all loan amounts)
Rate/Term Refinance	1-4	97.75%/97.75%	600 (all loan amounts)
Cash Out Refi ^{4,5}	1	80.00%/80.00%	600 (Standard Loan Amounts)
			640 (High Balance Loans)

¹ 2-4 Unit properties in NJ require 620 minimum credit score for standard loan amounts and 640 for High Balance loans. Must be

² Each borrower must have at least one credit score.

³ Maximum CLTV is 105% if second mortgage is through a government-sponsored Down Payment Assistance Program (DAP)

⁴ Borrower must occupy the subject property as their Principal Residence for the past 12 months prior to case number assignment

⁵ Texas 50 (a)(6) are ineligible

MIP Chart

Upfront MIP for ALL: 1.75%

Annual MIP for Loan Amount Less than or equal to \$766,550

Greater than 15 year terms			15 year or less terms		
LTV	MIP	Duration	LTV	MIP	Duration
> 95.00%	55	Mortgage term	> 90%	40	Mortgage term
> 90.0% but ≤ 95.0%	50	Mortgage term	≤ 90.0%	15	11 years
≤ 90.0%	50	11 years			

Annual MIP for loan amounts greater than \$766,550

Greater than 15 year terms			15 year or less terms		
LTV	MIP	Duration	LTV	MIP	Duration
> 95.00%	75	Mortgage term	> 90.0%	65	Mortgage term
> 90.0% but ≤ 95.0%	70	Mortgage term	> 78.0% but ≤ 90.0%	40	11 years
≤ 90.0%	70	11 years	≤ 78.0%	15	11 years

Maximum Loan Amounts (Continental US)

Units	Low Cost Area "Floor"	Maximum High Balance Loan limits
1	\$524,225	\$1,209,750
2	\$671,200	\$1,548,975
3	\$811,275	\$1,872,225
4	\$1,008,300	\$2,326,875

**** All MIP and Loan Amount information is based on case #'s assigned on or after January 1, 2025.**

Terms	<ul style="list-style-type: none"> 5/1 ARM (Fixed rate for the first 5 years then converts to a 1 yr. ARM for the remaining term) <ul style="list-style-type: none"> ▶ Amortization: 30 years ▶ Margin: 2.00% ▶ Caps: 1/1/5 ▶ Index: 1 Year Weekly CMT Qualify at the Note rate.
Ineligible Program Types	<ul style="list-style-type: none"> Energy Efficient programs, EEM, EEH; Weatherization, Solar and Wind PACE: Loans secured by properties with Property Assessed Clean Energy (PACE) obligations or PACE-like clean energy program assessments Construction to Permanent, One-time close Texas (a)(6)
Borrower Eligibility	<ul style="list-style-type: none"> U.S. Citizens Permanent resident aliens, with proof of lawful residence Non-permanent resident alien immigrants are ineligible.
Maximum DTI	<ul style="list-style-type: none"> Per AUS
Age of Documents	<ul style="list-style-type: none"> Age of credit documentation must be dated within 120 days of the Note date Appraisal is valid for 180 days from the effective date.
Student Loans	<p>Regardless of the payment status, the Mortgagee must use either:</p> <ul style="list-style-type: none"> the monthly payment reported on the Borrower's credit report or the actual documented payment, when the payment amount is above zero; OR 0.5 percent of the outstanding loan balance, when the monthly payment reported on the Borrower's credit report is zero.

<p>Derogatory Credit</p>	<ul style="list-style-type: none"> • Foreclosure, Deed in Lieu or Short Sale: 3 years from completion to case number assignment date 												
	<ul style="list-style-type: none"> • Chapter 7 Bankruptcy: 2 years from completion/discharge to case number assignment date 												
	<ul style="list-style-type: none"> • Chapter 13 bankruptcy: <ul style="list-style-type: none"> ▶ Borrower may qualify as a manual underwrite if at the time of the FHA case number assignment at least 12 months of the payout period under the bankruptcy has elapsed. ▶ The Mortgagee must determine that during this time, the Borrower's payment performance has been satisfactory and all required payments have been made on time; and the Borrower has received written permission from bankruptcy court to enter into the mortgage transaction. 												
	<p>Judgments:</p> <ul style="list-style-type: none"> • Judgments must be paid off prior to or at closing. • An exception to the payoff of a court ordered judgment may be made if the Borrower has a written agreement with the creditor to make regular and timely payments. The Borrower must have made at least 3 timely payments and the Judgment will not supersede the FHA mortgage lien. 												
<p>Non-Borrowing Spouse</p>	<p>Collections:</p> <ul style="list-style-type: none"> • If total outstanding balance for all borrowers is less than \$2,000, a capacity analysis is not required • If total outstanding balance for all borrowers is equal to or greater than \$2,000, a capacity analysis is required. Capacity analysis includes: <ul style="list-style-type: none"> ▶ Payment in full of collection accounts, prior to or at closing, along with documentation of acceptable source of funds, ▶ Borrower makes payment arrangements, and provides proof of arrangement with payment included in DTI, or ▶ 5% of the outstanding balance of each collection account is included as monthly payment in DTI • Non-borrowing spouse collection accounts ARE included in cumulative balance. • Medical collections and charge offs are excluded. 												
	<p>Disputed Account:</p> <ul style="list-style-type: none"> • Loans with a cumulative outstanding balance of \$1,000 or more in Disputed Derogatory Credit accounts must be manually down graded to a refer. • Disputed medical accounts and disputed accounts resulting from identity theft may be excluded from the \$1,000 limit. • The following disputed non-derogatory accounts are not included in the \$1,000 limit: <ul style="list-style-type: none"> ▶ Disputed accounts with \$0 balance, ▶ Disputed accounts with late payments 24 months or older, or ▶ Disputed accounts that are current and paid as agreed. 												
<p>Federal Debt</p>	<ul style="list-style-type: none"> • Non-Borrowing Spouse Credit Reports: <p>If the subject property is located in a community property state or the Non-borrowing spouse resides in a community property state then their debt must be included in the qualifying ratio's.</p> <ul style="list-style-type: none"> ▶ Social Security number must be verified ▶ Must have non-borrowing spouse authorization to pull credit. ▶ Inquiries within 90 days must be addressed/explained. ▶ UDN (LQI) is required within 10 days of closing and any new debt must be included in the DTI. <ul style="list-style-type: none"> • States requiring non-borrowing spouse credit reports: <table border="1" data-bbox="462 2037 1398 2161"> <tr> <td>Arizona</td> <td>Louisiana</td> <td>Texas</td> <td>Alaska</td> </tr> <tr> <td>California</td> <td>Nevada</td> <td>Washington</td> <td></td> </tr> <tr> <td>Idaho</td> <td>New Mexico</td> <td>Wisconsin</td> <td></td> </tr> </table> <ul style="list-style-type: none"> • Borrowers with delinquent Federal Tax Debt are ineligible. • Tax liens may remain unpaid if the Borrower has entered into a valid repayment agreement with the federal agency owed to make regular payments on the debt and the Borrower has made timely payments for at least three (3) months of scheduled payments. The borrower cannot "prepay" scheduled payments in order to meet the required minimum of three months of payments. • The Mortgagee must include the monthly payment amount in the agreement in the calculation of the Borrower's Debt-to-Income (DTI) ratio. 	Arizona	Louisiana	Texas	Alaska	California	Nevada	Washington		Idaho	New Mexico	Wisconsin	
Arizona	Louisiana	Texas	Alaska										
California	Nevada	Washington											
Idaho	New Mexico	Wisconsin											

Satisfactory Credit:

- Manual underwritten loans require the underwriter to evaluate the Borrower's payment histories in the following order: (1) previous housing expenses and related expenses, including utilities; (2) installment debts; and (3) Revolving Charge Accounts.

- ▶ The underwriter may consider a Borrower to have an acceptable payment history if the Borrower has made all housing and installment debt payments on time for the previous 12 months and has no more than two 30-Day late Mortgage Payments or installment payments in the previous 24 months.
- ▶ The underwriter may approve the Borrower with an acceptable payment history if the Borrower has no major derogatory credit on Revolving Charge Accounts in the previous 12 months.
- ▶ Major derogatory credit on Revolving Charge Accounts must include any payments made more than 90 Days after the due date, or three or more payments more than 60 Days after the due date.

- All loans must be run through AUS FHA Total Scorecard

- Purchase, Rate & Term and Cash-out

Credit Score	Maximum Qualifying Ratios	Acceptable Compensating factors:
620 and above	31/43	No compensating factors required. ¹
	37/47	One of the following: <ul style="list-style-type: none"> Verified and documented cash reserves^{1,2} Minimal increase in housing payment³ or Residual Income
	40/40	No discretionary debt. ⁵
	40/50	Two of the following: <ul style="list-style-type: none"> Verified and documented cash reserves² Minimal increase in housing payment³ Significant additional income not reflected in Effective income⁴; and/or Residual Income

¹ All manual underwrites require 1 month reserves for 1-2 unit properties and 3 months reserves for 3-4 unit properties.

² Reserves are equal to or exceed three months Mortgage Payments for 1-2 units and 6 months for 3-4 units. (Gift funds may not used for reserve requirements).

³ The new total monthly Mortgage Payment does not exceed the current total monthly housing payment by more than \$100 or 5 percent, whichever is less.

⁴ Income from non-borrowing spouses or other parties not obligated for the Mortgage may not be counted.

⁵ No Discretionary Debt may be cited as a compensating factor subject to the following:

- ▶ the Borrower's housing payment is the only open account with an outstanding balance that is not paid off monthly;
- ▶ the credit report shows established credit lines in the Borrower's name open for at least six months; and
- ▶ the Borrower can document that these accounts have been paid off in full monthly for at least the past six month.

Borrowers who have no established credit other than their housing payment, no other credit lines in their own name open for six months, or who cannot document that all other accounts are paid off in full monthly for at least the past six months, do not qualify under this criteria. Credit lines not in the Borrower's name but for which they are an authorized user do not qualify under this criterion.

Refer to HUD handbook 4000.1 for complete details on compensating factors.

Manual Underwriting

<p>Non-Occupying Co-borrowers</p>	<ul style="list-style-type: none"> • Not eligible on 15 year loan term. • Not eligible on cash out refinance transactions • The non-occupant co-borrower must be a family member as defined by HUD • The non-occupant co-borrower must be a family member or an individual who has documented a longstanding substantial family-type relationship not arising out of the loan transaction with the occupying borrower. • The maximum LTV is 75% but the LTV can be increased to a maximum of 96.5% if the Borrowers are Family Members, provided the transaction does not involve: <ul style="list-style-type: none"> ▶ a Family Member selling to a Family Member who will be a non-occupying co-Borrower; or ▶ transaction is for a two- to four-unit Property.
<p>Identity of Interest</p>	<ul style="list-style-type: none"> • An Identity-of-Interest Transaction is a sale between parties with an existing Business Relationship or between Family Members. • Maximum LTV is 85% • The maximum LTV percentage for a transaction where a tenant-landlord relationship exists at the time of contract execution is restricted to 85 percent. • Exceptions to the Maximum LTV: <ul style="list-style-type: none"> ▶ The borrower purchases the principal residence of another family member; or ▶ a Property owned by another Family Member in which the Borrower has been a tenant for at least six months immediately predating the sales contract. Written evidence to verify occupancy and rental payments is required; or ▶ if 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 ▶ exceeded if a corporation transfers an employee to another location, purchases the employee’s house, and sells the house to another employee.; or ▶ if the current tenant purchases the Property where the tenant has rented the Property for at least six months immediately predating the sales contract. A lease or other written evidence to verify tenancy and occupancy is required.
<p>Refinance Seasoning</p>	<ul style="list-style-type: none"> • The borrower has made at least six consecutive monthly payments on the loan being refinanced, beginning with the payment made on the first payment due date; AND • The first payment due date of the new loan occurs no earlier than 210 days after the first payment due date of the loan paid off through the transaction. • Borrower must occupy the subject property as their Principal Residence for the past 12 months prior to case number assignment on a cash-out refinance
<p>Property Flipping Policy</p>	<ul style="list-style-type: none"> • Properties resold 90 days or fewer following the date of acquisition by the seller are not eligible for FHA financing unless the loan meets the exceptions set forth in 4000.1 II.A.1.b.iv (A)(3). • Properties resold between 91 and 180 days after acquisition require a second appraisal by a different appraiser if the resale price is 100% or more over the price paid by the seller when the property was acquired.
<p>Ineligible Property Types</p>	<ul style="list-style-type: none"> • Manufactured Housing • Cooperatives • Mobile Homes • Working Farms