

STANDARD PROPERTIES - MAXIMUM LTV/CLTV

FHA FIXED – PRIMARY RESIDENCE

LTV Limitations	# of Units	FICO	LTV/CLTV
Purchase	1 - 4	620	96.50%
Rate & Term Refi	1 - 4	620	97.75%
Cash Out Refinance (Standard)	1 - 4	620	85.00%
Cash Out Refinance (High Balance)		640	85.00%

FHA DOWN PAYMENT ASSISTANCE PROGRAM

(LOAN AMOUNTS NOT TO EXCEED COUNTY LIMIT / STANDARD LOAN AMOUNTS)

LTV Limitations	# of Units	FICO	LTV/CLTV
Purchase	1 - 4	640	96.50% / Unlimited ^{1,2}

- All mortgages on the property collectively may not exceed the FHA Nationwide Mortgage Limit for the area in which the property is located in.
- Unlimited CLTV is applicable to Governmental Entities or HUD-Approved Nonprofits.

LHFS FHA LOW FICO PROGRAM

(Loan Amounts not to exceed county limit / standard loan amounts)

LTV Limitations	# of Units	FICO	LTV/CLTV
Purchase	1 - 4	580	96.50%
Rate & Term Refi	1 - 4	580	97.75%

LTV Limitations	# of Units	FICO	LTV/CLTV
Purchase	1	No FICO	96.50%

MANUFACTURED HOUSING - MAXIMUM LTV/CLTV

FHA FIXED – PRIMARY RESIDENCE

LTV Limitations	# of Units	FICO	LTV/CLTV
Purchase	1	620	96.50%
Rate & Term Refi	1	620	97.75%
Cash Out Refinance (Standard Loan Amounts) *	1	620	85.00%

* High Balance ineligible



GENERAL REQUIREMENTS	
ELIGIBILITY	<ul style="list-style-type: none"> • All HUD agency guidelines apply. <ul style="list-style-type: none"> • Standard FHA LTV amounts apply • MCC's (Section 8) is ineligible • HUD REO Purchase Transactions: <ul style="list-style-type: none"> • Owner Occupied transactions only • Title Policy is required • HUD \$100 Down REO Purchase Program permitted
BORROWERS	<ul style="list-style-type: none"> • Maximum number of 4 borrowers, including accommodation mortgagors. • Ineligible Borrowers <ul style="list-style-type: none"> • Borrowers with ITIN numbers. • Borrowers that are not legal residents including, but not limited to the following borrowers: <ul style="list-style-type: none"> ○ Diplomatic Immunity/Embassy Personnel, ○ Borrowers with deferred action status, which includes DACA, ○ Foreign Nationals, ○ Borrowers with Temporary Protected Status (TPS)
CREDIT	<ul style="list-style-type: none"> • High balance and cash out loans require a minimum 620 credit score. • All borrowers with a credit score must reflect at least 580. • AUS approvals when qualifying ratios > 50% require compensating factors • Non-Traditional Credit allowed on purchase transactions – No FICO program. • VOM/VOR as a standalone document is not permitted. VOM/VOR as a standalone document is not permitted. <ul style="list-style-type: none"> • Evidence must be supported by 12 months cancelled checks or auto payment with a copy of the lease/note to confirm the terms required. • Current year IRS taxes due: <ul style="list-style-type: none"> • If borrower has not paid current year taxes due and is on extension, taxes must be paid current or taxes must be filed and have an approved IRS installment plan established. • Land Home Financial Services, Inc. will run Undisclosed Debt Monitoring (UDM) prior to closing which may require additional information or affect borrower's loan approval if additional credit is obtained or late payments are reported. Prior to closing, any new inquiries and/or debt must be documented. <ul style="list-style-type: none"> • Chapter 13: Bankruptcies must be fully discharged before eligible for financing • All delinquent credit that will impact title must be paid off prior to or at closing • If non-medical collections total \$2,500 or more, they must be paid or resolved regardless of age of collection account. • Outstanding charge-offs: <ul style="list-style-type: none"> • A letter of explanation with supporting documentation, for each outstanding charge off account must be provided and consistent with the loan file. <ul style="list-style-type: none"> ○ All outstanding judgments must be paid in full • Mortgage History: <ul style="list-style-type: none"> • AUS: 0x30 past 6 months and 1x30 past 12 months • Manual underwrite: 0x30 past 12 months and no more than 2x30 past 24 months • Borrowers with a history of overdrawn bank accounts require further evaluation to determine if there is a mismanagement of finances. Additional conditions, including but not limited to letter of explanation may apply.
EMPLOYMENT / INCOME	<ul style="list-style-type: none"> • Rental income received from a relative requires a documented 12-month payment history of rents. • Amended tax returns are only acceptable for documented errors or omissions. • Paystubs and W-2's may not be substituted with a written verification of employment.



GENERAL REQUIREMENTS (CONTINUED)	
ASSETS	<ul style="list-style-type: none"> • Gift donors cannot be on title or purchase contract as they do not meet the definition of "Gift" per agency definition. • VOD's are not acceptable for asset documentation alone. <p><u>Down Payment Assistance – Helpful Information:</u></p> <ul style="list-style-type: none"> • Ensuring the Down Payment Assistance Provider is a Charitable Organization <ul style="list-style-type: none"> • The Entity providing down payment assistance must be a charitable organization as defined by Section 501(a) of the Internal Revenue Code (IRC) of 1986 pursuant to Section 501(c) (3) of the IRC. <ul style="list-style-type: none"> ○ Organization providing gift must provide its Federal tax-exempt status • LHFS will accept first mortgage Loans originated in conjunction with Down Payment Assistance Programs in accordance with agency requirements. These may include, but are not limited to, such programs as Down Payment Assistance Programs (DAP), Up-Front Cost Assistance Programs (UCAP), and Housing Assistance Programs (HAP). <ul style="list-style-type: none"> ○ The DAP, UCAP or HAP must meet all published requirements of FHA; and ○ The first mortgage is not subject to any terms or conditions of a bond program; and ○ The DAP, UCAP or HAP does not restrict the transfer of servicing rights of the first Mortgage. In addition, it may not require prior notification or approval from the sponsoring authority in the event of the transfer of the first mortgage's servicing rights.
TITLE	<ul style="list-style-type: none"> • Any borrower holding title only must be a legal U.S. Resident. • Revocable Trusts (Living Trust) may be eligible on a case-by-case basis. • Split vesting is not allowed. Vesting must be 100% in a trust or 100% individual. <ul style="list-style-type: none"> • May be allowed on conforming conventional loans on an exception basis. • Title report may not be over 90 days old at the time loan docs are prepared. • Power of Attorney (POA's) are eligible on purchase and rate/term transactions only. • Subordinate Financing: <ul style="list-style-type: none"> • New subordinate financing is not permitted on refinance transactions. • All mortgages on the property collectively may not exceed the FHA Nationwide Mortgage Limit for the area in which the property is located in. • Permitted for closing costs and/or down payment but must conform to the above CLTV limitations. • Texas – Payoff of subordinate financing used for purchase or home improvements or the subordination of a second can be done as long as the first mortgage was not a home equity/cash-out Section 50(a)(6) loan <ul style="list-style-type: none"> ○ No negative amortization on the subordinate financing. The repayment terms of the subordinate must provide for regular payments that cover no less than interest due. ○ The interest rate on the subordinate should be less than the rate on the first ○ Should not restrict the borrower from selling the property.
OTHER CONSIDERATIONS	<ul style="list-style-type: none"> • Maximum days allowed for seller rent back 60 days. • All loan documentation should not be over 90 days old at submission. • Property Assessed Clean Energy (PACE) aka: Home Energy Renovation Opportunity (HERO) subordination not permitted. Must be paid in full prior to closing. • Temporary Buy down loans not permitted. • Base Loan amounts exceeding the "Standard" Loan Limits are considered "High Balance" • Rate & Term and Cash-Out Refinance: <ul style="list-style-type: none"> • Delinquent Interest may not be included. The Refinance does not permit a borrower to obtain cash back by not making a mortgage payment when due. • Many subordinate lien holders request modifications to the terms of the lien (typically a reduction in the amount of the lien) in exchange for remaining in a subordinate position. Modifying a subordinate lien in this manner often results in re-executing the lien at closing, which is acceptable. In this case, FHA does not consider this a new subordinate lien. • Cash-Out Refinance only: <ul style="list-style-type: none"> • The first payment due date of the new Loan cannot occur earlier than 210 days after the first payment due date of the loan being paid off. The borrower must have made at least six consecutive monthly payments on the loan being paid off, beginning with the payment made on the first due date.



GENERAL REQUIREMENTS (CONTINUED)

PROPERTY COLLATERAL

Well & Septic:

- Local Health Authority well water analysis and/or septic report, where required by the local jurisdictional authority.
- Properties vacant 90+ days require a well and septic certification.

Condo Requirements:

FHA approved condominiums:

- Must be currently approved on HUD's condo list.
- Exceptions:
 - FHA to FHA Streamline Refinance
 - HUD REO property sales
- Certification for individual unit financing dated within 30 days prior to date of closing is required to be present in the loan file.
- Investor ownership:
 - No more than 10% of the units may be owned by one investor/entity which includes all rented and leased units that a builder/developer or HOA owns.
- For projects with ten or fewer units, no single investor/entity may own more than one unit within the project.
- Exceptions:
 - Investor or Builder owner occupied units.
 - Unoccupied and unsold units owned by builder/developer.
 - Eligible non-profit and/or governmental housing programs designed to assist in the purchase of low- or moderate-income housing.
 - Investor Concentration limited to 49%.
- Exceptions:
 - Units in projects that are subject to legally mandated rent regulations.
 - Percentage of owners in arrears:
 - No more than 15% of units may be 30 days or more in arrears on their association dues (including vacant and bank-owned).
 - Pending Litigation is not eligible.
- Exceptions:
 - Routine foreclosure actions by mortgagees or HOA to obtain rights to a specific unit.

Expired appraisals will not be accepted.

Exception:

- If an appraisal update is performed prior to expiration date.
- When the Clear to Close has been issued the D.E. Underwriter may extend the appraisal expiration date by 30 days. New 92900.5B must be completed and new LT noted.

Ineligible Properties / Locations:

- LHFS does not offer financing to properties that are secured by community land trusts (i.e., Illinois Land Trust).
- Co-ops.
- 2-4 Units in the state of New Jersey.
- Mixed-Use
- Working farms/ranches
- Texas (a)(6) cash-out refinance
- Unincorporated territories of the United States (borrowers and properties) are ineligible for financing.
 - Puerto Rico
 - US Virgin Islands
 - Guam
 - American Samoa
 - Swains Island



GENERAL REQUIREMENTS (CONTINUED)

HELPFUL LINKS

Land Home Financial Additional Resources:

- [eScenarios](#)
- [LHFSWholesale.com](#)
- [FHA - Submission Checklist](#)
- [Manufactured Housing Guidelines](#)

FHA DAP Programs:

- Within ReachTM
 - [Within ReachTM FHA Guidelines Summary](#)
 - [Within ReachTM FHA Income and Mortgage Limits](#)
 - [Within ReachTM Submission Checklist](#)
 - [Within ReachTM - Lock Instructions](#)
- CalPLUSSM
 - [CalPLUSSM FHA Loan Program](#)
 - [CalPLUSSM Conventional/FHA Matrix](#)
 - [CalHFA Conventional & FHA Income Limits](#)
 - [MyHome Assistance Program Handbook](#)
 - [CalPLUSSM FHA Submission Checklist](#)
 - [CalHFA Origination Steps](#)
 - [CalHFA Loss Payee Clause](#)

Agency Guidelines:

- [FHA Guide](#)
- [FHA Mortgage Limits](#)
- [FHA FAQ Preview](#)
- [FHA FAQ](#)
- [FHA Approved Condo Lookup](#)
- [FHA Approved Condo Questionnaire](#)

Each loan files layers of risk (i.e., payment shock; gift funds; assets/reserves not verified; multiple layers of risk, etc.) may require additional documentation or explanations above and beyond the AUS requirements (i.e., rental history; budget letters; excessive commute detail, etc.).

Guidelines are for use by mortgage professionals only and subject to change without notice.

