FHA HIGH BALANCE FIXED RATE & ARM PROGRAM				
PURCHASE				
Doc Type	Occupancy	Units	FICO	LTV/CLTV
Full	Primary Residence	1-4	600	96.5/96.5
RATE TERM REFINANCE				
Doc Type	Occupancy	Units	FICO	LTV/CLTV/HCLTV
Full/Simple	Primary Residence	1-4	600	97.75/97.75
Streamline	Primary Residence	1-4	600	97.75/125 [1]
Streamline	Second Home	1	600	97.75/125 [1]
Streamline	Investment	1-4	660	97.75/125 [1]
CASH-OUT REFINANCE				
Doc Type	Occupancy	Units	FICO	LTV/CLTV/HCLTV
Full	Primary Residence	1-4	600	80/80

1. Loans with LTVs greater than 97.75% are eligible for purchase provided the LTV is calculated in compliance with FHA guidelines.

FHA UNDERWRITING GUIDELINES

Mortgage Credit Analysis for Mortgage Insurance on One- to Four-Unit Mortgage Loans (4000.1)

MAXIMUM LOAN AMOUNT

Forward mortgage limits for calendar year 2021 are effective for case numbers assigned on or after January 1, 2021

Continental US	Conforming		High Balance	
Units	Lowest Maximum (floor)	Highest Maximum (ceiling)	Lowest Maximum (floor)	Highest Maximum (ceiling)
1	$356,362	$548,250	$548,251	$822,375
2	$456,275	$702,000	$702,001	$1,053,000
3	$551,500	$848,500	$848,501	$1,272,750
4	$685,400	$1,054,500	$1,504,501	$1,581,750

- FHA mortgage limits for all areas: https://entp.hud.gov/idapp/html/hicostlook.cfm

Product Detail	Product Guidelines
ARM Qualification	▪ Qualify at initial Note rate
Ability to Repay/Qualified	▪ MTGMAC will purchase only Safe Harbor Qualified Mortgages as defined under HUD and the Dodd-Frank Wall Street Reform and Consumer Protection Act.
Age of Documents	▪ 120 days for new and existing construction from the disbursement date. ▪ Preliminary Title Policies must be no more than 180 days old on the date the Note is signed.
Amortization Type	▪ Fixed and Adjustable
Appraisals	▪ FHA appraisal transfers are allowed when the case number is transferred from one lender to another per FHA guidelines. The appraisal must be transferred to the second mortgagee within five business days. ▪ A full appraisal (e.g. form 1004 or equivalent, accompanied by form 1004MC) is required for all submissions (except streamlines). ▪ The FHA appraiser, who performed the original appraisal, if currently in good standing on the FHA Appraiser Roster, may use Part A (Summary Appraisal Update Report) or Part B (Completion Report). Any other FHA appraiser, currently in good standing on the FHA Appraiser Roster, may only use Part B. ▪ Streamlines are allowed without an appraisal **Unpermitted Property Additions** Properties with “unpermitted” structural additions are allowed under the following conditions:

Appraisals	▪ The subject addition complies with all investor guidelines; ▪ The quality of the work is described in the appraisal and deemed acceptable ("workmanlike quality") by the appraiser; ▪ The addition does not result in a change in the number of units comprising the subject property (e.g. a 1 unit converted into a 2 unit). ▪ If the appraiser gives the unpermitted addition value, the appraiser must be able to demonstrate market acceptance by the use of comparable sales with similar additions and state the following in the appraisal: - Non-Permitted additions are typical for the market area and a typical buyer would consider the "unpermitted" additional square footage to be part of the overall square footage of the property. - The appraiser has no reason to believe the addition would not pass inspection for a permit.
Assumability	
Borrower Eligibility	▪ U.S. citizens ▪ All borrowers must have a social security number ▪ Permanent resident aliens, with proof of lawful permanent residence **Streamlines:** ▪ A Borrower on the Mortgage to be paid may be removed from title and new Mortgage in cases of divorce, legal separation or death when: - the divorce decree or legal separation agreement awarded the Property and responsibility for payment to the remaining Borrower, if applicable; and - the remaining Borrower can demonstrate that they have made the Mortgage Payments for a minimum of six months prior to case number assignment. ▪ Borrower(s) can be added as long as the existing borrowers remain on the note and deed. ▪ Credit qualifying is not required to add a borrower.
Caps	▪ 1/1/5
Condominiums	▪ Must be located in an FHA approved Condominium Project ▪ HUD REOs do not require FHA Condominium Project approval. ▪ Condominiums involved in minor litigation subject to DE approval and in accordance with FHA requirements. ▪ Projects located in Hawaii Many projects located in Hawaii are subject to ground leases. There are also projects that will have a mixture of both fee simple and ground lease units within the same project. Many of the ground leases are not compliant with FHA. Therefore, it is extremely important if the unit is subject to a ground lease, a copy of the ground lease and all amendments, riders and subleases must be obtained along with other applicable condominium documents. If the ground lease is found to be non-compliant and the lessor is unwilling to agree to amend the lease to bring it into compliance with the applicable FHA guidelines, the ground lease cannot be approved.
Construction to Permanent Financing	▪ Two time or one time closings cannot be delivered to MTGMAC until the construction is completed and the terms of the construction loan have converted to permanent financing.

Credit	▪ Each borrower must have at least of one credit score to be eligible. ▪ A full tri-merge credit report is required for all borrowers on all transactions. For Non-Credit Qualifying Streamline Refinance transactions, a mortgage only tri-merge credit report is required to verify a 12-month mortgage history and a credit score for each borrower. ▪ Non-traditional Credit not allowed ▪ Credit report inquiries must be reviewed per FHA guidelines
Derogatory Credit	▪ Bankruptcy, Foreclosure, Deed in Lieu/Short Sale: Per AUS or the 4000.1 for manually downgraded and manually underwritten loans. ▪ All judgments must be paid. ▪ FHA non-credit qualifying streamline transactions: Bankruptcy and foreclosure waiting periods do not apply. FHA guidelines may be followed.
Documentation	▪ Full ▪ Simple ▪ Streamline ▪ For credit documentation requirements, follow Total Scorecard for AUS approved loans or the 4000.1 for manually underwritten loans.
Down Payment Assistance	▪ Down Payment Assistance programs are permitted in accordance with FHA Guidelines. ▪ Mortgage Credit Certificates (MCCs) are not allowed. ▪ Cryptocurrency, such as Bitcoin and Ethereum may NOT be used for purposes of down payment funds or funds for closing. The funds must be backed out of the borrower's assets.
Escrow Accounts	▪ Escrow Impounds Accounts must be established for taxes and insurance premiums in accordance with FHA Guidelines.
Escrow Holdbacks	▪ If adverse weather conditions prevent completion of the repairs, MTG MAC will permit escrow accounts established by the Seller for postponed improvements provided they comply with FHA requirements. MTG MAC will leave the work of managing the escrow funds with the Seller at time of loan funding. It will be the Seller's responsibility to monitor and disburse the funds in escrow and provide MTG MAC with a clear final inspection. ▪ Additional requirements: - MTG MAC will issue a post funding condition for 1004D confirming completion will be placed on loans where appraisal is "subject to" completion of improvements. - MTG MAC will issue a post funding condition for a final title policy endorsement that ensures the priority of the first lien. ▪ HUD REO max allowable escrow holdback is $10,000
Exclusionary Lists	▪ Streamlines: - HUD's CAIVRS does not need to be checked - The HUD Limited Denial of Partnership (LDP) list and the General Services Administration (GSA) lists must be reviewed for all loans, if any party to the transaction, including the borrower(s), is reflected on these lists, the loan is not eligible.
FICO	▪ Refer to the LTV Matrix.
Financing Concessions	▪ Financing concessions cannot exceed 6% of the adjusted value.

High Cost / High Priced Mortgage Loans	▪ MTG MAC will not purchase mortgage loans that fall within the rebuttable presumption standard or high cost loans. MTG MAC will purchase FHA HPML loans that fall within the Safe Harbor Threshold.
HUD $100 Down - FREOHBF30	▪ Fixed Rate Mortgages only ▪ FICO restrictions apply, refer to the Program Matrix ▪ For additional guidelines, refer to FHA.
Identity of Interest Transaction	▪ For the purpose of Identity of Interest transactions, the definition of family member includes: a child, parent, or grandparent; a child is defined as a son, stepson, daughter, or stepdaughter; a parent or grandparent includes a step-parent/grandparent or foster parent/grandparent; spouse or domestic partner; legally adopted son or daughter, including a child who is placed with the Borrower by an authorized agency for legal adoption; foster child; brother, stepbrother; sister, stepsister; uncle; aunt; or son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law of the Borrower. ▪ As stated in handbook HUD 4000.1, identity-of-interest transactions may result in a reduced maximum loan-to-value. ▪ Employee loans are not considered identity of interest transactions.
Index	▪ 1 Year Treasury
Loan Limits	▪ FHA mortgage limits for all areas: https://entp.hud.gov/idapp/html/hicostlook.cfm ▪ Streamlines: Lenders to follow guidance provided within ML 11-29 for FHA to FHA Refinance for existing loan balances exceeding Permanent FHA loan limits.
Margin	▪ 2.00
Max. Loan Amount	▪ The base loan amount cannot exceed the statutory loan limit for the area.
Min. Loan Amount	▪ The base loan amount must be $1 above conforming loan limit
Mortgage Products, Eligible	▪ Section 203 (b) Basic with ADP code of 703 ▪ Section 203 (b) Basic with ADP code of 729 ▪ Section 234 (c) Condominiums with ADP codes of 734
Mortgage Products, Ineligible	▪ Any FHA programs/mortgage types identified in the FHA Handbook that are not specifically allowed in the Eligible Mortgage Types above.
Occupancy	▪ Primary Residence only ▪ Second Home (Fixed only) ▪ Investment Property (Fixed only)
Property, Eligible Types	▪ Single Family (Detached, Attached) ▪ PUD (Detached, Attached) ▪ FHA-approved Condominium (Detached, Attached) ▪ Manufactured Home (doublewide only, minimum FICO 640) ▪ 2-4 Units ▪ Rural Properties (in accordance with agency Guidelines, loans must be residential in nature)

Property Flipping Policy	▪ FHA has placed certain time restrictions and additional documentation requirements on purchase transactions involving the resale of an existing property. The resale period is assessed by from the seller's date of acquisition (settlement date) to the new purchase date (execution date on the contract). The flipping requirements do not apply to a builder selling a newly built home or building a home for a borrower. ▪ Resale Time Restriction – 90 days or less - A Property that is being resold 90 Days or fewer following the seller's date of acquisition is not eligible for an FHA-insured Mortgage. ▪ Resales Occurring Between 91 Days and 180 Days After Acquisition - A Mortgagee must obtain a second appraisal by another Appraiser if: - the resale date of a Property is between 91 and 180 Days following the acquisition of the Property by the seller; and - the resale price is 100 percent or more over the price paid by the seller to acquire the Property. - If the second appraisal supports a value of the Property that is more than 5 percent lower than the value of the first appraisal, the lower value must be used as the Property Value in determining the Adjusted Value. - The cost of the second appraisal may not be charged to the Borrower.
Ratio	▪ DTI as approved through TOTAL Scorecard (DU or LP)
Secondary Financing	▪ Subordinate financing and Down Payment Assistance programs are permitted in accordance with Agency Guidelines. ▪ Mortgage Credit Certificates (MCCs) are not allowed.
State Restrictions	▪ Hawaii - The Appraiser must review the U.S. Geological Survey (USGS) Lava Flow Hazard Zone maps. - Properties in lava flow zones 3 through 9 are eligible for financing with sufficient Hawaii Property Insurance. - The Appraiser must report in the Comments section that the property is in the Lava Flow Hazard Zone and provide the Zone number. ▪ Texas 50 (a)(6) loans are not allowed.
Transaction Types	▪ Purchase: - Mortgage history: Follow Total Scorecard. ▪ Rate Term Refinance - Proceeds can be used to Pay off the FHA mortgage; any junior liens over 12 months; HELOCs for purposes of repairs and rehabilitation of the property; HELOCs with no draw > $1000 in the past 12 months; interest; late charges; escrow shortages; allowed costs include all Borrower paid costs associated with the new Mortgage; and Borrower-paid repairs required by the appraisal. - Disburse cash out to the Borrower in an amount not to exceed $500 - Mortgage history: Follow Total Scorecard. ▪ Simple Refinance: - Proceeds can be used to Pay off the FHA mortgage; interest; late charges; escrow shortages; allowed costs include all Borrower paid costs associated with the new Mortgage; and Borrower-paid repairs required by the appraisal.

Transaction Types	- Disbursed cash out to the Borrower cannot exceed $500. - Mortgage history: Follow Total Scorecard. ▪ Cash Out Refinance: - LTV is based on Appraised Value - Mortgage history: Borrower must be 0x30x12 on the subject mortgage history - Income from a non-occupant co-Borrower may not be used to qualifying ▪ Streamline Refinance: - Streamline Refinance without appraisal is allowed - Credit Qualifying is allowed at the discretion of the DE. All existing overlays are still in effect. - Disbursed cash out to the Borrower cannot exceed $500. - Loans with less than a 6 month payment history on the date of the FHA case number assignment are not eligible. Refer to the 4000.1 for complete details. - Mortgage history: Borrower must be 0x30x6 and no more than 1x30x12 on the subject property. ▪ No Construction to Perm Loans ▪ No Energy Efficient Mortgage Loans ▪ Restructured loans or short payoff refinances are not eligible.