

Standard FHA Matrix					
Occupancy	Transaction Type	Minimum Credit Score	Maximum		AUS & Underwriting
			LTV	CLTV	
Primary Residence	Purchase	580	96.50%	100% ¹	<ul style="list-style-type: none"> • DU Approve/Eligible • LPA Accept • Manual UW²
		550	90%	100% ¹	<ul style="list-style-type: none"> • DU Approve/Eligible • LPA Accept • Manual UW²
		500	90%	100% ¹	<ul style="list-style-type: none"> • DU Approve/Eligible • LPA Accept
	Rate/Term	580	97.75%	100% ¹	<ul style="list-style-type: none"> • DU Approve/Eligible • LPA Accept • Manual UW²
		550	90%	100% ¹	<ul style="list-style-type: none"> • DU Approve/Eligible • LPA Accept • Manual UW²
		500	90%	100% ¹	<ul style="list-style-type: none"> • DU Approve/Eligible • LPA Accept
	Cash-Out	580	80%	80%	<ul style="list-style-type: none"> • DU Approve/Eligible • LPA Accept • Manual UW²
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Primary Residence ⁴	Streamline ⁵	N/A	97.75%	125% ³	Not Applicable
<p>1. Unlimited CLTV permitted for government entities and HUD-approved non-profit subordinate liens; Refer to Open Mortgage Wholesale FHA - DPA program matrix for eligibility and guidelines, if applicable</p> <p>2. Manual Underwriting allowed per HUD guidelines, see 4000.1; max 31%/43% DTI</p> <p>3. 125% CLTV allowed for existing subordinate financing; PACE loans are ineligible</p> <p>4. Non-Owner Occupied Streamline transactions allowed on a case-by-case basis</p> <p>5. "No Score" Non-Credit Qualifying Streamline allowed - 0x30 mortgage only credit report required; loan will be priced as a 580 credit score</p>					
FHA EZ Matrix					
Occupancy	Transaction Type	Minimum Credit Score	Maximum		AUS & Underwriting
			LTV	CLTV	
Primary Residence	Purchase	620	96.50%	96.50%	<ul style="list-style-type: none"> • DU Approve/Eligible • LPA Accept
	Rate/Term	620	97.75%	100% ¹	<ul style="list-style-type: none"> • DU Approve/Eligible • LPA Accept
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Guidelines

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Mortgage Insurance Premium (MIP)	<p>The following grid applies to all transactions, except Simple Refinance and Streamline Refinance:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr style="background-color: #4a7c9c; color: white;"> <th colspan="6">FHA MIP^{1,2}</th> </tr> <tr style="background-color: #e91e63; color: white;"> <th>LTV</th> <th>UFMIP</th> <th>Annual MIP</th> <th>LTV</th> <th>UFMIP</th> <th>Annual MIP</th> </tr> </thead> <tbody> <tr style="background-color: #e91e63; color: white;"> <td colspan="3">> 15-Year Term and Loan Amount <= \$726,200</td> <td colspan="3"><= 15-Year Term and Loan Amount <= \$726,200</td> </tr> <tr> <td><= 95%</td> <td>1.75%</td> <td>.50%</td> <td><= 90%</td> <td>1.75%</td> <td>.15%</td> </tr> <tr> <td>> 95%</td> <td>1.75%</td> <td>.55%</td> <td>> 90%</td> <td>1.75%</td> <td>.40%</td> </tr> <tr style="background-color: #e91e63; color: white;"> <td colspan="3">> 15-Year Term and Loan Amount > \$726,200</td> <td colspan="3"><= 15-Year Term and Loan Amount > \$726,200</td> </tr> <tr> <td><= 95%</td> <td>1.75%</td> <td>.70%</td> <td><= 78%</td> <td>1.75%</td> <td>.15%</td> </tr> <tr> <td>> 95%</td> <td>1.75%</td> <td>.75%</td> <td>> 78% to <= 90%</td> <td>1.75%</td> <td>.40%</td> </tr> <tr> <td></td> <td></td> <td></td> <td>> 90%</td> <td>1.75%</td> <td>.65%</td> </tr> </tbody> </table> <p>1. MIP assessed at 11 years for LTV <= 90%; if LTV > 90%, MIP applies for duration of loan term 2. All FHA loans will have upfront and monthly premiums, except as noted above. Pricing and loan program eligibility are determined using the base loan amount prior to financing the UFMIP. UFMIP must be 100% financed into the mortgage OR paid entirely by cash; partial financing is not permitted.</p> <p>Simple Refinance and Streamline Refinance:</p> <ul style="list-style-type: none"> For FHA loans endorsed on or before 5/31/2009, the UFMIP is .01% and Annual MIP is .55% 	FHA MIP ^{1,2}						LTV	UFMIP	Annual MIP	LTV	UFMIP	Annual MIP	> 15-Year Term and Loan Amount <= \$726,200			<= 15-Year Term and Loan Amount <= \$726,200			<= 95%	1.75%	.50%	<= 90%	1.75%	.15%	> 95%	1.75%	.55%	> 90%	1.75%	.40%	> 15-Year Term and Loan Amount > \$726,200			<= 15-Year Term and Loan Amount > \$726,200			<= 95%	1.75%	.70%	<= 78%	1.75%	.15%	> 95%	1.75%	.75%	> 78% to <= 90%	1.75%	.40%				> 90%	1.75%	.65%
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Guidelines

Assets	<i>Standard FHA</i>
	<ul style="list-style-type: none"> • Must meet requirements of 4000.1
	<i>FHA EZ</i>
	<ul style="list-style-type: none"> • Must meet requirements of 4000.1, except as noted • All files where bank statements are provided for assets, reserves, or to support income must be supported by a direct third-party Verification of Deposit (VOD) • Cash on hand is not permitted <p><u>Earnest Money Deposit</u></p> <ul style="list-style-type: none"> • Earnest Money that exceeds 1% of the sales price must be verified by obtaining the following: <ul style="list-style-type: none"> ▪ Copy of borrower's cancelled check ▪ Certified copy of receipt of funds by Settlement Agent ▪ A verification of deposit or bank statement showing the average balance was sufficient to cover the amount of the earnest money deposit at the time of the deposit. <p><u>Gift Funds</u></p> <p>Obtain a gift letter signed and dated by the donor and borrower that includes all the following:</p> <ul style="list-style-type: none"> • The donor's name, address, telephone number • The donor's relationship to the borrower - must be an eligible donor (see below) • The dollar amount of the gift and a statement that no repayment is required <p>Verify and document the transfer of gifts from the donor to the borrower in accordance with the following requirements:</p> <ul style="list-style-type: none"> • If the gift funds have been verified in the borrower's account, obtain the donor's bank statement showing the withdrawal and evidence of the deposit into the borrower's account • If the gift funds are not verified in the borrower's account, obtain the certified check, money order, cashier's check, wire transfer, or other official check evidencing payment to the borrower or settlement agent, and the donor's bank statement evidencing sufficient funds for the gift amount • For gifts of land or equity, obtain proof of ownership by the donor and evidence of the transfer of title to the borrower. <p>Note: Cash on Hand is not an acceptable source of donor gift funds</p> <p><i>Eligible Gift Donors</i></p> <ul style="list-style-type: none"> • Borrower's Family Member, defined as follows regardless of actual or perceived sexual orientation, gender identity, or legal marital status: <ul style="list-style-type: none"> ▪ Child – defined as a son, stepson, daughter, or stepdaughter, as well as a legally ▪ Parent or grandparent – includes a stepparent/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 ▪ Sibling – defined as brother, sister, step-brother, or step-sister ▪ Uncle or Aunt ▪ Son-in-law, daughter-in-law, mother-in-law, father-in-law, brother-in-law, or sister-in-law • Borrower's Employer or Labor Union • A close friend with a clearly defined and documented interest in the borrower • A charitable organization • A governmental agency or public entity that has a program providing homeownership assistance to low- or moderate-income families of first-time homebuyers <p>Note: Only Family Members can provide an equity credit as a gift on a property being sold to other Family Members; a cousin is NOT considered an eligible family member for Gifts of Equity.</p>

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Borrower Eligibility	<ul style="list-style-type: none"> • U.S. Citizens • Permanent Resident Aliens • Non-Permanent Resident Aliens (valid EAD or H1-B Visa required) • Inter Vivos Revocable Trust • Non-Occupant Co-Borrowers <p>Note: For FHA EZ, all borrowers must work for companies with a physical commercial location, residence locations are not permitted.</p>
Compensating Factors	<i>Additional Cash Reserves</i>
	<p>The sum of verified and documented borrower funds less:</p> <ul style="list-style-type: none"> • The sum the borrower is required to pay at closing, including the cash investment, closing costs, prepaid expenses, any payoffs that are a condition of loan approval, and any other expense required to close the loan. • Note: May NOT include cash taken at settlement in Cash-Out transactions or incidental cash received at settlement in other loan transactions, gift funds in excess of the amount required for the cash investment and other expenses, equity in another property, or borrowed funds from any source. <p>Retirement accounts (IRA, Thrift Savings Plan, 401k, and Keogh accounts) may be used for cash reserves, as follows:</p> <ul style="list-style-type: none"> • Most recent depository or brokerage account statement required to document the funds • 60% of the vested amount of the account, less any outstanding loans, may be used <ul style="list-style-type: none"> ▪ If any of these funds are also to be used for loan settlement, that amount must be subtracted from the amount included as cash reserves. • Evidence must be provided that the retirement account allows for withdrawals under conditions other than in connection with the borrower’s employment termination, retirement, or death. <ul style="list-style-type: none"> ▪ The retirement account may NOT be used to calculate the borrower’s cash reserves if withdrawals can be made only in connection with the borrower’s employment termination, retirement, or death. <p>Funds and/or assets that may <u>NOT</u> be considered as cash reserves include:</p> <ul style="list-style-type: none"> • Gifts • Equity from another property • Borrowed funds • Cash received at closing in a Cash-Out refinance transaction or incidental cash received at closing in the loan transaction
	<i>Minimal Housing Increase</i>
	<p>Minimal housing increase defined as:</p> <ul style="list-style-type: none"> • New monthly mortgage payment (PITI + MIP) does not exceed the current housing payment by the lesser of: <ul style="list-style-type: none"> ▪ \$100 OR 5% of the current housing payment • Borrower must have a documented 12-month housing history <ul style="list-style-type: none"> ▪ Purchase and Rate/Term refinance transactions: Max 1x30 in previous 12 months ▪ Cash-Out transactions: Max 0x30 in previous 12 months <p>Note: If a complete 12 months of housing cannot be documented, the minimal housing increase may NOT be used as a compensating factor.</p>
	<i>Significant Additional Income</i>
<p>Bonus, overtime, and part-time/seasonal income is eligible as an “additional income” compensating factor if not used for qualification, subject to the following:</p>	

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	<ul style="list-style-type: none"> The borrower must be able to document receipt of the income for a minimum of one (1) year (but less than two (2) years) and likely continuance; AND If the income was used for qualifying, the DTI must not be more than 37%/47%. <ul style="list-style-type: none"> If the DTI exceeds 37%/47% but is not more than 40%/50%, another compensating factor, in addition to the "additional income", is required. <p>Note: Income from anyone who is not a borrower on the loan (non-borrowing spouse, domestic partner, etc.) may NOT be used as a compensating factor.</p>	
Debt-to-Income (DTI)	<i>Standard FHA</i>	
	<ul style="list-style-type: none"> Must meet requirements of 4000.1, except as noted <ul style="list-style-type: none"> Manual Underwriting with credit score \geq 550: Max 31/43% DTI AUS approval (DU Approve/Eligible or LPA Accept) with credit score $<$ 550: Max 50% DTI 	
	<i>FHA EZ</i>	
	<ul style="list-style-type: none"> Up to 55% $>$ 55% considered with at least two (2) compensating factors AND AUS approval (DU Approve/Eligible or LPA Accept) 	
Extenuating Circumstances	<p>Extenuating circumstances are events that were beyond the control of the borrower, such as a serious illness or death of a wage earner, and the borrower has reestablished good credit since the credit event. Divorce is not considered an extenuating circumstance. An exception may, however, be granted where a borrower's loan was current at the time of his/her divorce, the ex-spouse received the property, and the loan was later foreclosed.</p> <p>Note: The loss of a job and the inability to sell the property due to a job transfer or relocation to another area does not qualify as an extenuating circumstance.</p>	
	<i>Standard FHA</i>	<i>FHA Manual Underwriting</i>
	<i>Chapter 7 Bankruptcy</i>	
	<u>Total Scorecard</u> (DU Approve/Eligible or LPA Accept) <ul style="list-style-type: none"> Two (2) years from the discharge date to case assignment 	<u>Extenuating Circumstance</u> An elapsed period of less than two (2) years since discharge, but not less than 12 months, may be acceptable if the borrower: <ul style="list-style-type: none"> Can show that the bankruptcy was caused by extenuating circumstances beyond the borrower's control; AND Has since exhibited a documented ability to manage their financial affairs in a responsible manner <p><i>*Subject to second level review*</i></p>
	<i>Chapter 13 Bankruptcy</i>	
	<u>Total Scorecard</u> (DU Approve/Eligible or LPA Accept) <ul style="list-style-type: none"> Two (2) years from the discharge date to case assignment 	<u>Manual Exception</u> From the date of case number assignment: <ul style="list-style-type: none"> 12 months of the pay-out period under the bankruptcy must have elapsed; AND The borrower's payment performance must have been satisfactory; AND All required payments have been made on time; AND

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		<ul style="list-style-type: none"> The borrower has received written permission from the bankruptcy court to enter into the mortgage transaction. <p><u>Extenuating Circumstance</u> An elapsed period of less than two (2) years since discharge, but not less than 12 months, may be acceptable if the borrower:</p> <ul style="list-style-type: none"> Can show that the bankruptcy was caused by extenuating circumstances beyond the borrower's control; AND Has since exhibited a documented ability to manage their financial affairs in a responsible manner <p><i>*Subject to second level review*</i></p>
<i>Foreclosure, Deed-in-Lieu of Foreclosure</i>		
	<p><u>Total Scorecard</u> (DU Approve/Eligible or LPA Accept)</p> <ul style="list-style-type: none"> Three (3) years from date of the Deed-in-Lieu or the date that the borrower transferred ownership of the property to the foreclosing entity/designee to case assignment 	<p><u>Extenuating Circumstance</u> An elapsed period of less than three (3) years since the Foreclosure or Deed-in-Lieu may be acceptable if the borrower:</p> <ul style="list-style-type: none"> Can show the Foreclosure or Deed-in-Lieu was the result of documented extenuating circumstances that were beyond the control of the borrower, such as a serious illness or death of a wage earner; AND The borrower has re-established good credit since the Foreclosure or Deed-in-Lieu event. <p><i>*Subject to second level review*</i></p>
<i>Short Sale Pre-Foreclosure</i>		
	<p><u>Total Scorecard</u> (DU Approve/Eligible or LPA Accept)</p> <ul style="list-style-type: none"> Three (3) years from date of transfer of title by short sale to case assignment 	<p><u>Manual Exception</u> From the date of case number assignment for the new Mortgage:</p> <ul style="list-style-type: none"> All mortgage payments on the prior mortgage were made within the month due for the 12-month period preceding the Short Sale; AND Installment debt payments for the same time period were also made within the month due. <p><u>Extenuating Circumstance</u> An elapsed period of less than three (3) years since the Short Sale may be acceptable if the borrower:</p> <ul style="list-style-type: none"> Can show the Short Sale was the result of documented extenuating circumstances that were beyond the control of the borrower, such as a serious illness or death of a wage earner; AND

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		<ul style="list-style-type: none"> The borrower has re-established good credit since the Short Sale event. <p><i>*Subject to second level review*</i></p>
	<i>Loan Modification</i>	
	A mortgage that has been modified must utilize the payment history in accordance with the modification agreement for the time period of modification in determining late housing payments.	
	<i>Standard FHA</i>	
	<ul style="list-style-type: none"> Must meet requirements of 4000.1 	
	<i>FHA EZ</i>	
Income	<ul style="list-style-type: none"> Wage earner income only; self-employed, investment income, and departing residence rental income not permitted At least two (2) years on current job required, documented as follows: <ul style="list-style-type: none"> YTD paystubs covering at least 30 days of consecutive earnings Third-party auto pull Written Verification of Employment (WVOE) validating at least two (2) years of earnings Income may not exceed 200% of AMI OR the borrower must provide 60-days of bank statements (dated prior to application) supporting income All borrowers with income greater than 125% of salary range on salary.com (or other approved salary key) are not eligible or must provide 60 days of bank statements (dated prior to application) supporting income All files where bank statements are provided for assets, reserves, or to support income must be supported by a direct third-party Verification of Deposit (VOD) 	
	<i>Standard FHA</i>	
Products	<ul style="list-style-type: none"> F30 – FHA 30-Year Fixed Rate F30HB – FHA 30-Year High Balance Fixed Rate F30BD – FHA 30-Year Fixed 2-1 Buydown F30BDHB – FHA 30-Year Fixed 2-1 Buydown High Balance F15 – FHA 15-Year Fixed Rate F15HB – FHA 15-Year High Balance Fixed Rate F30SL – FHA 30-Year Fixed Streamline F30HBSL – FHA 30-Year High Balance Streamline F30M – FHA 30-Year Fixed Manual Underwrite F30MHB – FHA 30-Year Fixed High Balance Manual Underwrite 	
	<i>FHA EZ</i>	
	<ul style="list-style-type: none"> F30EZ FHA 30-Year Fixed Rate F30EZBD – FHA 30-Year 2-1 Buydown Fixed Rate 	
	<i>Standard FHA</i>	
	<i>Eligible</i>	<i>Ineligible</i>
Property Eligibility	<ul style="list-style-type: none"> Single Family (Attached and Detached) 2-4 Unit (Attached and Detached) Planned Unit Development Condominium (FHA Approval required; Includes low- and high-rise, manufactured homes zoned as a Condo) Manufactured Home (Single- or Multi-Wide) Rural Property 	<ul style="list-style-type: none"> Condotel/Hotel Condominium Mobile Homes Multi-Unit Manufactured Home Timeshares Unimproved Land Income producing property

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FHA EZ	
Eligible	Ineligible
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Residual Income	<ul style="list-style-type: none"> Residual income is required for all loans with a DTI > 50% and/or if credit score < 640 																																																																																																																								
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	<p><i>Residual Income Calculation</i></p> <ul style="list-style-type: none"> Calculate the total gross monthly income of all occupying borrowers (see below) Deduct from gross monthly income the following items: <ul style="list-style-type: none"> Federal and state income taxes (see below) Proposed total monthly fixed payment (i.e. PITIA + MIP) Debt showing on credit report (including non-borrowing spouse debt) Estimated maintenance and utilities (see below) Municipal or other income taxes Job related expenses (e.g. childcare) Retirement or Social Security Gross up of any non-taxable Income Subtract the sum of the deductions identified above from the total gross monthly income of all members of the household of the occupying borrowers The balance is residual income <p>Gross Monthly Income Calculation</p> <ul style="list-style-type: none"> Gross monthly income should be calculated only for the occupying borrower(s) consistent with the requirements of HUD Handbook. Do not include bonus, part-time, or seasonal income that does not meet the requirements for effective income as stated in HUD Handbook. Do not include income from non-occupying co-borrowers, co-signers, non-borrowing spouses, or other parties not obligated on the mortgage. <p>Monthly Expense Calculation</p> <ul style="list-style-type: none"> If available, use federal and state tax returns from the most recent tax year to document state and local taxes, retirement, Social Security and Medicare. If tax returns are not available, may rely upon current pay stubs. 																																																																																																																								

Guidelines

- For estimated maintenance and utilities in all states, multiply the living area of the property (square feet) by \$0.14.

To use residual income as a compensating factor, count all members of the household of the occupying borrowers without regard to the nature of their relationship and without regard to whether they are joining on title or the note. Exception: As stated in the VA Guidelines, the mortgagee may omit any individuals from "family size" who are fully supported from a source of verified income which is not included in effective income in the loan analysis. These individuals must voluntarily provide sufficient documentation to verify their income to qualify for this exception.

State Restrictions

- Texas 50(a)(6) refinance mortgages are NOT allowed

Standard FHA

- Minimum credit score: 500
- Credit score < 550 requires DU Approve/Eligible or LPA Accept; Manual Underwriting and/or downgrades not permitted
 - Max 90% LTV for Purchase & Rate & Term, 80% for Cash-Out
 - Max DTI of 50%
- Credit score >= 550 to <= 580 is eligible for Manual Underwriting
 - Max 90% LTV for Purchase and Rate/Term, 80% for Cash-Out
 - Max DTI of 31/43%
 - Minimum one (1) month of reserves required
- Credit score > 580 eligible for max financing, regardless of Underwriting type (AUS or Manual)
- Borrower with no credit score allowed with a non-traditional mortgage credit report at submission, refer to [4000.1](#) for requirements. See Non-Traditional Credit details below.

Manual Underwriting Matrix

Credit Score & Compensating Factors	Max DTI	Requirements
500 – 579 OR No Credit Score	31%/43%	Not applicable. Borrowers with Minimum Decision Credit Scores below 580, or with No Credit Score may not exceed 31%/43% DTI.
> 580 AND No Compensating Factors	31%/43%	Compensating factors not required
> 580 AND One (1) Compensating Factor	37%/47%	<u>ONE</u> of the following compensating factors is required: <ul style="list-style-type: none"> Minimal Increase in housing payment Verified and documented cash reserves: <ul style="list-style-type: none"> 1-2 units: Minimum one (1) month PITIA reserves 3-4 units: Minimum three (3) months PITIA reserves Residual Income
> 580 AND No Discretionary Debts	40%/40%	<ul style="list-style-type: none"> No discretionary debts. Borrower must have established credit lines in his/her own name open for at least six (6) months but carry no discretionary debt. <ul style="list-style-type: none"> The monthly total housing payment must be the only open installment account; AND The borrower must document that all revolving credit has been paid off in full monthly for at least the previous six (6) months
> 580 AND Two (2) Compensating Factors	40%/50%	<u>TWO</u> of the following compensating factors are required: <ul style="list-style-type: none"> Minimal Increase in housing payment Verified and documented cash reserves: <ul style="list-style-type: none"> 1-2 units: Minimum one (1) month PITIA reserves

Guidelines

			<ul style="list-style-type: none"> ▪ 3-4 units: Minimum three (3) months PITIA reserves • Residual Income • Significant additional income not reflected in effective income
Non-Traditional Credit			
<p>Borrower with no credit score allowed with non-traditional mortgage credit report at submission, refer to 4000.1 for requirements.</p> <ul style="list-style-type: none"> • Max DTI of 31/43% • Minimum one (1) month of reserves required <p>The non-traditional mortgage credit report:</p> <ul style="list-style-type: none"> • Must verify the existence of credit providers, confirm the credit was extended to the borrower, and validate the published address or telephone number for the creditor • May not include subjective statements (i.e., "satisfactory" or "acceptable") • Must be formatted in a similar fashion to traditional credit references and include the creditor's name, date of account opening, high credit, current status of account, 12-month history of the account, required monthly payment, unpaid balance, and payment history in the delinquency categories (for example, 0x30 and 0x60). • Must include at least three (3) credit references to establish the borrower's credit history, including at least one (1) of the following: <ul style="list-style-type: none"> ▪ Rental housing payments (subject to independent verification), ▪ Telephone service, or ▪ Utility company reference (if not included in rental housing payment), including gas, electricity, water, television service, or internet service. • Note: Non-reported recurring debt may be used if the three (3) required references cannot be obtained from the list above, refer to the 4000.1 for eligible references. 			
FHA EZ			
<ul style="list-style-type: none"> • DU Approve/Eligible or LPA Accept required; Manual Underwriting and/or downgrades not permitted • Credit report required • Down payment assistance programs not permitted 			