

FHA Plus Matrix

FHA Parameters for Credit 640+

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As of 9/1/10

Minimum Credit Score Limitations		
Product/Term	FHA Plus Min Fico 640	Mid-Island Advantage Fico 580-639
30 Yr Standard Loan Limit	640	580
30 Yr High Balance	640	620
15 Yr Standard Loan Limit	640	Not Available
5/1 Treasury ARM	640	Not Available
Maximum LTV / CLTV - see attached for Advantage Loans		
Purchase	No Cash Out Refinance	Cash Out Refinance
96.50%	97.75%	85%

Maximum CLTV on ALL loans are shown above and all mortgages are limited to the Geographical Maximum.

2009 FHA Mortgage Limits - see FHA High Balance Notes below				
Region	1 Unit	2 Units	3 Units	4 Units
Low Cost Areas	\$271,050	\$347,000	\$419,400	\$521,250
High Cost Areas	\$729,750	\$934,200	\$1,129,250	\$1,403,400

A complete schedule of FHA mortgage limits for all areas is available at: <https://entp.hud.gov/idapp/html/hicostlook.cfm>

Upfront and Annual MIP					
Greater than 15 year terms			15 year or less terms		
LTV	UFMIP	Annual	LTV	UFMIP	Annual
> 95%	2.25%	0.55%	> 90%	2.25%	0.25%
≤ 95%	2.25%	0.50%	≤ 90%	2.25%	0.00%

Streamline Refinance: UFMIP = 2.25%; Annual MIP follows the above grids.

MIP Notes:

- The number of years will be determined when the loan balance equals 78% LTV, provided that the borrower has paid the annual MIP for at least 5 years, (scheduled or actual.)
- Base loan amount multiplied by Annual premium, divided by 12 months equals monthly MIP.
- 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 UFMIP.
- UFMIP must be 100% financed into the mortgage or paid entirely by cash; partial financing not allowed.

Loan Program Names and Terms			
Fixed Rate Programs	Terms	ARM Programs	Terms
Gov 15 Product 1590	15 yrs	Gov ARM 5/1 w/1-1-5 Caps Treasury Index 2.250 Margin Product 0591	30 yrs
Gov 30 Product 3091	30 yrs		

FHA High Balance Notes			
1 Unit	2 Unit	3 Unit	4 Unit
>\$417,000	>\$533,850	>\$645,300	> \$801,950

Eligibility: minimum credit score 620

Refinance

No Cash Out Refinance:
Maximum loan amount is the lesser of the LTV in the Maximum LTV table or the existing debt calculation as described below:
To calculate existing debt, add together the amount of the applicable items listed below, any refund of UFMIP must then be subtracted from the total:

- Existing 1st lien, any purchase money 2nd lien, any junior liens over 12 mos. old, borrower paid closing costs, prepaid expenses, borrower paid repairs required by the appraisal, discount points
- Other fees acceptable by the appropriate Homeownership Center (HOC)
- The amount of the existing first mortgage may include up to 30 days interest maximum, but may not include delinquent interest.
- Prepaid expenses may include the per diem interest, hazard insurance, mortgage insurance, and any real estate tax deposits needed to establish the escrow account.

If the property was acquired less than one year before the loan application and is not already FHA-insured, the original sales price of the property (rather than appraised value) must be used in determining the maximum mortgage. Expenditures for repairs and rehabilitation incurred after the purchase of the property may be added to the original sales price when calculating the mortgage amount.
Subordinate financing may remain in place (max cltv and combined loan limits apply) if the homeowner qualifies with scheduled payments on all liens.
NOTE: \$500 cash back is allowed for minor adjustments in estimated versus final closing costs.

Cash Out Refinance:

Subordinate Liens and Combined Loan-to-Value (CLTV):

- New Subordinate Financing:** If new subordinate financing is being offered by the mortgagee or other permitted entity, the CLTV is limited to 85 percent (the FHA-insured first mortgage and any new junior liens when added together).
- Re-Subordinate:** Subordinate financing may remain in place (max city and combined loan limits apply) if the homeowner qualifies with scheduled payments on all liens.
- Modified Subordinate Lien:** FHA understands that many subordinate lien holders have been requesting 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 the subordinate lien in this manner often results in re-executing it at closing, which is an acceptable practice to FHA and therefore, FHA does not consider it a new subordinate lien.

Length of Ownership:

- 12 Months or More:** The subject property must have been owned by the borrower as his or her principal residence for at least 12 months preceding the date of the loan application in order to obtain the maximum of 85 percent of the appraiser's estimate of value in the new mortgage. This applies whether there was a mortgage, and thus, mortgage payments, on the property, i.e., ownership of at least 12 months regardless of the number of mortgage payments, if any, that may have come due.
- Less than 12 Months:** If the subject property has been owned less than 12 months preceding the date of the loan application as the borrower's principal residence, the mortgage amount is limited to the lesser of either 85 percent of the appraiser's estimate of value or 85 percent of the sales price of the property when acquired. However, a sales price need not be considered if the property was acquired as the result of inheritance and is or will become the heir's principal residence.

Streamline Refinance:

- Must result in an immediate 5% payment reduction
- At time of application at least 6 payments must have been made on the current FHA insured mortgage being refinanced
- Mortgages less than 12 months payment history - all payments must have been made within the month due
- Mortgages with 12 months or more payment history - Max 1x30 in the preceding 12 months AND made all of the mortgage payments for the 3 months prior to the application date must have been made within the month due
- Must include current proof of income
- Max CLTV 97.75%
 - Without an appraisal - based on original application value
 - With an appraisal based on the new appraisal amount
- Assets needed to close must be verified
- Designed to lower the monthly principal and interest payments on a current FHA - insured mortgage; however, it does not allow for cash back to the borrower, except for minor adjustments at closing, not to exceed \$500.

Guidelines

Eligibility

- US Citizens, Inter vivos revocable trusts, Permanent and Non-Permanent Resident Aliens, Non-Occupant Co-Borrowers.
- Owner Occupied Primary Residence Only (except streamline refinance.)
- 15- to 30-year fixed rate 5/1 ARMs with 30-year terms.

Documentation

- All borrowers must have valid social security number.
- Borrowers using non-traditional credit are subject to Mortgagee Letter 2008-11

DTI Ratios

- For manual underwriting: 31/43%
- Ratios may be exceeded only when significant compensating factors exist.
- Loans using an AUS may exceed the ratios above.
- First time homebuyers - max 45% DTI regardless of AUS

Property Flipping

- If 90 days or less since property was last sold: The property is not eligible for FHA financing.
- 91 to 180 days since property was last sold: If the resale price is > 100% over the seller's acquisition price, a second FHA appraisal (from a different appraiser) is required; second appraisal must be paid for by seller or broker.
- Time restrictions don't apply to: FHA REO, relo agency props, prop inherited by seller and sales by gov't agencies.

Special Requirements on 3-4 Unit Properties

- Purchase transaction must have 3 mos PITI reserves which may not be derived from gift.
- The property must be self-sufficient (including the owner occupant unit) - 85% of gross rents (based on HOC) less the proposed PITI.

Additional Restrictions for Loan Amounts > \$417,000

- 1-4 Unit properties located in appraiser or DU designated soft markets, with loan amounts > \$417,000 (excluding UFMIP) will require a second appraisal; appraisal must be ordered from a different, FHA approved appraiser.
- Max. 85% LTV on Cash out refinance

For additional information:
fha.gov or hud.gov

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