



# 2011 FHA Overview

Maximum LTV						Refinance						Guidelines														
<b>For Case Number Assignments on or after 9/7/2010</b>												<b>No Cash Out Refinance: 640 FICO</b> <b>Maximum loan amount is the lesser of the LTV in the Maximum LTV table or the existing debt calculation as described below:</b> 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 or any junior liens over 12 mos. old (CLTV < 100%), borrower paid closing costs, prepaid items, borrower paid repairs per the appraisal, Lender discount points • Other fees acceptable by the appropriate Homeownership Center (HOC) • The amount of the existing first mortgage may include up to 60 days interest maximum, but may not include delinquent interest and must be current for month due. • 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 (up to 97.75% CLTV) 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.														
Purchase			No Cash Out Refinance			Cash Out Refinance			<b>Eligibility</b>																	
96.50%			97.75%			85%			• US Citizens, Inter vivos revocable trusts, Permanent and Non-Permanent Resident Aliens, Non-Occupant Co-Borrowers. • Owner Occupied Only. (except streamline refinance.)																	
Loan-to-value including UFMIP may not exceed 100% ; FICO REQUIREMENT ALL LOAN TYPES 640																										
<b>FHA Mortgage Limits Oct 1- Dec 31, 2011</b>												<b>Documentation</b>														
Region		1 Unit		2 Units		3 Units		4 Units		• All borrowers must have valid social security number. • All borrowers must have at least two valid credit scores • Borrowers using non-traditional credit are not allowed. • A completed and signed 4506-T is required for all borrowers on all loans.																
Low Cost Areas		\$271,050		\$347,000		\$419,425		\$521,250		<b>DTI Ratios</b> • Accept/ Eligible for DU approvals down graded by U/W, with corp approval only Max DTI 38/45%. With 3 comp FHA Comp factors Required • Loans using an AUS may exceed manual ratios so long as file meets ALL AUS requirements																
High Cost Areas		\$625,500		\$800,775		\$967,950		\$1,202,925																		
A complete schedule of FHA mortgage limits based on county for all areas is available at: <a href="https://entp.hud.gov/idapp/html/hicostlook.c">https://entp.hud.gov/idapp/html/hicostlook.c</a>																										
<b>UFMIP For Case Number Assignments on or after 4/18/11</b>												<b>Underwriting Method</b>														
Greater than 15 year terms						15 year or less terms						• Loan programs may be underwritten manually or by DU. Manual underwrites require Corp approval and are for retail division only. Manual underwrites follow the 4155 guidelines in their entirety and cannot be combined with AUS findings. ****All declined loans will be entered into FHA Mortgage Reject in FHA Connection by DE Underwriter****														
LTV		UFMIP		Annual		LTV		UFMIP		Annual		<b>Additional Restrictions</b> • WHSL & Retail loans- 91 -180 Flip still require 2Appraisals over 100% Seller Acquisition . 90 DAY FLIP POLICY- home inspection, 2 Appraisals, DTI 55% FICO 640 Max, Fix 15/ 30 yr only ,														
> 95%		1.00%		1.15%		> 90%		1.00%		0.50%																
≤ 95%		1.00%		1.10%		≤ 90%		1.00%		0.25%																
<b>Streamline Refinance:</b> UFMIP = 1.00%; Annual MIP follows the above grids. New loan amount can not exceed the original loan amount of current FHA loan being refinanced with												<b>Cash Out Refinance: Requires 660 FICO -</b>  <b>85% LTV based on current appraised value, subject to all of the following:</b> <ul style="list-style-type: none"> <li>Property is the borrower's principal residence for at least 12 mos. prior to loan application date.</li> <li>No payment may be more than 30 days late within the last 12 mos. Payment must be current for the month due.</li> <li>1-2 unit only. .</li> <li>New secondary financing is limited to 85% CLTV.</li> </ul> Any co borrowers added must be an occupant of the property														
<b>MIP Notes:</b> <ul style="list-style-type: none"> <li>FHA MIP will be deleted by FHA when the loan balance equals 78% LTV, provided the borrower has paid annual MIP for at least 5 years, (scheduled or actual.)</li> <li>Loan amount multiplied by Annual premium, divided by 12 mos. equals monthly MIP.</li> <li>All FHA loans will have upfront and monthly premiums, except as noted above.</li> <li>Loan program eligibility is determined using the base loan amount prior to financing UFMIP.</li> <li>Pricing is determined using the Note loan amount. (Base loan amount + UFMIP)</li> <li>UFMIP must be 100% financed into the mortgage or paid entirely by cash: partial financing not allowed. <b>FORCLOSURES</b> * * Time frame required is 3 years from date of recorded foreclosure sale</li> <li><b>BANKRUPTCY</b> * * Time frame required is 2 years from date of court signed discharge</li> </ul> FHA case numbers are only good for 6 months from date of assignment. Appraisal Log In must be performed or loan funded to extend the 6 month period												<b>Streamline Refinance: REQUIRES 640 FICO-</b> <ul style="list-style-type: none"> <li>The loan amount may exceed the current statutory loan limits if the new mortgage complies with standard product guidelines and <u>all</u> of the following requirements: <b>1)</b> Maximum loan amount (including financed UFMIP) of the new FHA insured mortgage, including all fees, closing costs, unearned mortgage insurance premiums (MIP), interest, etc, <b>must not exceed the original principal amount of the exiting FHA-insured mortgage.</b> Should the maximum loan amount (based on the original principal balance of the existing FHA mortgage) be insufficient to cover allowable interest, MIP, closing costs fee, etc., the borrower shall provide cash to cover all cost that exceed the allowable maximum loan amount. <b>2)</b> The new FHA insured mortgage may not have a term of more than 12 years in excess of the unexpired term of the existing FHA-insured mortgage. <b>3)</b> the monthly PI &amp; MI payment due under the new FHA-insured mortgage is less than PI &amp; MI payment that is due under the existing FHA-insured mortgage <b>4)</b> PBM FHA S/L wkst required</li> </ul>														