



Minimum credit score 550    maximum ltv 97.75%    maximum ratios: 31/43\*    minimum 1<sup>st</sup> loan amount: 30K    doc type: Full/Alt

<b>Available Markets</b>	Eligible in the following states: *Indiana, Kentucky, South Carolina, Tennessee, Florida, Alaska, Texas, Minnesota, Ohio
<b>Automated Underwriting</b>	*All loans will be run through DU. If the DU findings are other than Approve/Eligible, the underwriter will determine if the file is eligible for a manual underwrite. * Refer to the Credit Topic for more details on required credit scores
<b>Eligible Transactions</b>	*Purchase, Rate & Term Refinance, Cash Out Refinance, and Streamline Refinances are eligible. *Owner Occupied and Investment property transactions are eligible. Investment only eligible if it a HUD owned property *Submitting broker must have a mini-eagle and be approved by H&H Financial Group, LLC dba Life Mortgage Group prior to submitting loans for FHA programs
<b>Ineligible Transactions</b>	*Properties with a resale date ≤ 90 days following acquisition by the seller
<b>Maximum Loan Amount</b>	*The maximum loan amount cannot exceed the statutory limit for each county/MSA. The statutory limit varies by program and number of units. Refer to <a href="https://entp.hud.gov/idapp/html/hicostlook.cfm">https://entp.hud.gov/idapp/html/hicostlook.cfm</a> to look up the maximum loan amount for the number of units of the property for the county or MSA of the property location. *The LTV for a cash-out refinance, may not exceed 85% if the loan amount excluding FHA upfront MIP, is greater than \$471,000
<b>Maximum LTV/CLTV</b>	<p><b>*Purchase:</b> The maximum LTV/CLTV cannot exceed 97.75% of the appraised value excluding closing costs. *Borrower must contribute 3% of the sales price before any seller contributions are paid. This investment includes down payment and/or the down payment plus closing costs. *The 3% does not have to be borrowers own funds; gift funds are acceptable.</p> <p><b>*Rate &amp; Term Refinance (non-streamline) with ≤ 12 months ownership:</b> *The maximum loan amount is based on the lowest of the following: *The current principal balance plus closing cost and reasonable discount points, minus any refund of MIP if financed in the original loan. *97.75% of the appraised value exclusive of closing costs (except for states with less than 2.1 closing costs) *The lower of the current appraised value or the original purchase price *Cash back to the borrower cannot exceed \$500</p> <p><b>*Rate &amp; Term Refinance (non-streamline) with ≥ 12 months ownership:</b> *The maximum loan amount is based on the lowest of the following: *The current appraised value or original sales price, whichever is lower *Cash back to the borrower cannot exceed \$500</p> <p><b>*Cash Out Refinance (non-streamline):</b> *≥ 12 months ownership, the maximum LTV is 95% provided the following is met: *The subject property is owner occupied for a minimum of 12 months prior to the application date. *subject property is 1-2 unit dwelling *0x30 mortgage lates in the previous 12 months *Any co-borrower or co-signor added to the note must occupy the property *If the above cannot be met, the maximum LTV is 85% for a cash out refinance. *≤ 12 months ownership, the maximum LTV is 85% *If the subject property was purchased within the previous 12 months, the value is based on the lower of the original sales price or the appraised value *The current mortgage may be delinquent but borrower must still meet credit eligibility *Owner Occupied transactions only *Loan amounts &gt; \$417,000 are limited to 85% LTV for cash out refinances</p> <p><b>*Streamline Refinances without an appraisal:</b> *The maximum loan amount is limited to the unpaid principal balance minus any refund of MIP plus the new upfront MIP if it will be financed in the loan.</p> <p><b>*Streamline Refinances with an appraisal:</b> *The maximum loan amount is the lesser of the LTV ratio applied to the appraised value or the sum of the existing loans and related closing costs.</p> <p>*3-4 units are limited to 85% LTV</p>
<b>Eligible Properties</b>	Single family residences, approved HUD condo projects, PUDs, 1-4 family dwellings and rural property are eligible. *Rural property is limited to 10 acres. The property must be zoned residential or agricultural. Commercial use is not Permitted and the property cannot be income producing. The land to value ratio should not exceed 30% for rural property.
<b>Ineligible Properties</b>	Non-HUD approved condo projects or condo projects ineligible for spot approval, condotels & co-ops, manufactured housing, working ranches, board and care homes, earth-berm homes, commercial properties, vacant land, leaseholds, unique properties. Properties with a resale date ≤ 90 days following the acquisition by the seller.
<b>Eligible Borrowers</b>	*U.S. Citizens, Permanent Resident Aliens and Non-Permanent Resident Aliens are eligible *Non-Permanent Resident Aliens: subject property must be owner occupied. The borrower must have a social security number and a valid work visa for the U.S. Acceptable Visas are: H-1, L-1, E-1, G-1, G-2, G-3, G-4, TN NAFTA OR TC NAFTA. *Borrowers with no credit score are eligible for a manual underwrite.

\*Ratios over 31/43% must have compensating factors



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<b>Ineligible Borrowers</b>	<ul style="list-style-type: none"> <li>*Foreign Nationals and borrowers with diplomatic immunity</li> <li>*Borrowers with outstanding issues on Caivrs</li> <li>*Borrowers and/or parties to the transaction on HUD's Exclusionary List.</li> </ul>
<b>Multiple Loans to One Borrower</b>	<p>Borrowers are permitted to have one owner occupied loan. Exceptions to this are permitted for the following:</p> <ul style="list-style-type: none"> <li>*Relocation</li> <li>*Increase in family size</li> <li>*Borrower is vacating a jointly owned property</li> <li>*Borrower is a non-occupying co-borrower</li> </ul>
<b>Documentation Type</b>	*Full Doc/Alt Doc
<b>Rental/Mortgage Payment History</b>	<ul style="list-style-type: none"> <li>*0x30 mortgage/rental delinquency in the past 12 months if transaction is a purchase, any LTV, or a cashout refinance and the LTV &gt; 85%.</li> <li>*1x30 mortgage/rental delinquency in the past 12 months permitted if transaction is a rate and term refinance, any LTV, or a cashout refinance ≤ 85%.</li> <li>*Mortgage/rental history must be verified for the previous 12 months if it does not appear on the credit report. Rental history can be verified through a legitimate management company, a verifiable landlord or cancelled checks</li> </ul>
<b>Credit Scores</b>	<ul style="list-style-type: none"> <li>*The minimum credit score is 580. Loans with an Approve/Eligible recommendation and a credit score of 550-580 are eligible</li> <li>*The following applies to all loans except Streamline Refinances: <ul style="list-style-type: none"> <li>*Loans with an Approve/Eligible finding require a minimum 550 credit score</li> <li>*Manually underwritten loans require a minimum 580 credit score</li> <li>*Cash out transactions require a minimum 580 credit score regardless of AUS findings</li> <li>*Loans with a DTI &gt; 43% require a minimum 580 credit score regardless of AUS findings</li> </ul> </li> </ul>
<b>Credit History</b>	<ul style="list-style-type: none"> <li>*Alternative credit may be used to establish borrower's credit history. Alternative credit consists of rent, utility payments, insurance payments, etc. Documentation is required to evidence an acceptable payment history. When using alternative credit, borrower to provide 3 references, each for 12 months (Mortgagee Letter 2008-11). Alternative credit may not be used to offset negative credit references found on borrower's credit report and may not be used in lieu of a credit score.</li> <li>*All collections, charge-off accounts must be paid at close</li> <li>*Judgments and tax liens are to be paid off prior to closing unless the lien will subordinate to the first TD, the borrower has a repayment plan and is making timely payments.</li> <li>*Borrower to provide a letter of explanation for derogatory credit</li> <li>*Borrower to provide a letter of explanation for inquiries within the past 90 days</li> </ul>
<b>Bankruptcy or Foreclosure</b>	<ul style="list-style-type: none"> <li>*Chapter 7 bankruptcy should be discharged at least 2 years. Borrowers are required to have good re-established credit since the discharge or should not have any new derogatory credit since the discharge.</li> <li>*Chapter 7 bankruptcies less than 2 years but greater than 12 months are allowed provided the borrower can prove the bankruptcy was caused by extenuating circumstances beyond the borrower's control and that the event leading to the bankruptcy is not likely to reoccur. In addition, borrower is required to document his/her ability to manage his/her financial affairs.</li> <li>*Chapter 13 bankruptcy is permitted if one year of the payout has occurred and all payments have been made on time. Permission from the court is required in order for borrower to obtain a new mortgage</li> <li>*Consumer Credit Counseling is permitted as long as the borrower has been making the payments timely for a minimum of 12 months. Written permission from the counseling agency is required in order to obtain a new mortgage</li> <li>*Foreclosures must be greater than 3 years old to be eligible for FHA financing. If the foreclosure was due to extenuating circumstances beyond the borrower's control (ie: loss of primary wage earner, serious illness, etc), and the borrower has good re-established credit, the file may be eligible for FHA financing</li> </ul>
<b>Ratios</b>	*Maximum Ratios of 31/43%. Higher ratios may be eligible with compensating factors determined by H&H Financial Group
<b>Income</b>	<ul style="list-style-type: none"> <li>*Full income documentation is required on all loans with the exception of Streamline Refinances. If the transaction is not a Streamline Refinance, wage earner borrowers are to provide the most recent 30 days paystubs and the most recent two years W2s. Self employed borrowers are to provide the most recent two years 1040s and 1065s, 1120S' or 1120s if applicable. If the transaction is a Streamline Refinance, income documentation is not required.</li> <li>*Social Security and retirement income may be grossed up 115% if it is non-taxable</li> <li>*An executed 4506-T and 8821, if applicable, are required on all transactions</li> </ul>
<b>Assets</b>	<ul style="list-style-type: none"> <li>*Asset documentation is required on all transactions with the exception of Streamline Refinances. If the transaction is not a Streamline Refinance, borrower to provide the most recent 60 days bank statements. If the transaction is Streamline Refinance, asset verification is not required.</li> <li>*Acceptable sources of liquid assets include checking, savings, money market accounts, CDs, stocks, mutual funds, trust funds, gift funds</li> </ul>



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<b>Gift Funds</b>	<ul style="list-style-type: none"> <li>*Gift funds are acceptable and may be used for the entire down payment. Gift funds are not acceptable for reserves</li> <li>*Subject must be owner occupied</li> <li>*Donor must be a relative, domestic partner or fiancé</li> <li>*A gift letter is required. The letter needs to include the name, address and phone number of the donor, the relationship to the borrowers, the amount of the gift, and no repayment is required</li> <li>*Evidence of the transfer of the gift funds from the donor to the borrower is required</li> <li>*Gift funds cannot be cash on hand or be from a party related to the transaction (ie: realtor, broker, seller)</li> </ul>
<b>Cash Reserves</b>	<ul style="list-style-type: none"> <li>*Cash reserves are not required on owner occupied, 1-2 unit properties. At underwriter's discretion, cash reserves, may be required as a compensating factor.</li> <li>*3-4 unit properties require 3 months PITI in reserves</li> <li>*Gift funds are not acceptable source for reserves</li> <li>*Funds borrowed against a 401K, IRA, thrift savings plan, etc or equity in other properties are not acceptable sources for reserves</li> </ul>
<b>Interested Party Contributions</b>	<ul style="list-style-type: none"> <li>*Third parties can contribute up to 6% towards buyers actual closing costs and prepaids. This can include permanent and temporary rate buy downs, mortgage interest, mortgage payment protection insurance, and upfront mortgage insurance premium. Contributions towards mortgage principal are not allowed.</li> <li>*Contributions exceeding 6% must be deducted from the sales price before applying the appropriate LTV</li> </ul>
<b>Appraisals</b>	<ul style="list-style-type: none"> <li>*A full appraisal from a FHA approved appraiser is required</li> <li>*The property must have been appraised/inspected within 12 months of the date of the note. If the appraisal is &gt; 6 months, an update of value is required</li> </ul>
<b>Subordinate Financing</b>	<ul style="list-style-type: none"> <li>*Secondary financing is available by a family member, a government agency, or a FHA approved charitable organization/non-profit agency</li> <li>*The combined loan amount of the first and second lien can not exceed 100% of the lesser of the appraised value or sales price plus normal closing costs, prepaid expenses, and discount points.</li> <li>*If the subordinate financing is from a family member, the donor may not borrow the funds from an interested third party to the transaction. In addition, the donor may not be a co-signor to provide for minimum interest only payments, with no negative amortization</li> <li>*Seller or financial institution may provide secondary financing. Seconds from other sources are not permitted</li> </ul>
<b>Eligible Programs</b>	<ul style="list-style-type: none"> <li>*First lien, fixed-rate available for a 15 or 30 year term</li> </ul>
<b>Escrows</b>	<ul style="list-style-type: none"> <li>*Required for all transactions regardless of LTV</li> </ul>
<b>Interest Only</b>	<ul style="list-style-type: none"> <li>*Not permitted</li> </ul>
<b>MIP</b>	<p>Mortgage insurance is required on all transactions. An up-front mortgage insurance premium and an annual premium is required. The up-front mortgage insurance premium is risk-based (refer to Mortgagee Letter 2008-16)</p>

*This guide is provided for your convenience and may not specify all rules and guidelines for a particular topic. Please contact your Account Executive or reference HUD Handbook 4155 or FHA Connection for details or topics not addressed.*