



FHA Program matrix				
Purchase				
Doc Type	Occupancy	Units	FICO	LTV/CLTV
Full	Primary Residence	1-4	580	96.5/100
Rate & Term Refinance				
Doc Type	Occupancy	Units	FICO	LTV/CLTV
Full/Simple	Primary Residence	1-4	580	97.75/97.75
Streamline	Primary Residence	1-4	580	97.75/97.75
Cash-Out Refinance				
Doc Type	Occupancy	Units	FICO	LTV/CLTV
Full	Primary Residence	1-4	580	80/80

Program Matrix Notes	
AUS	<ul style="list-style-type: none"> <li>DU Approve/Accept recommendations are allowed</li> <li>Manual downgrades are allowed; however, the Approve/Accept recommendation findings must be included in the file.</li> <li>Loans with FICO's between 600-659 and using gift funds require: 6 Months cash reserves, or Residual income in excess of 120% of VA required (only applicable if borrower's place of business remains open and is calculated on borrower's current level of pay)</li> </ul>
Age of Documents	<ul style="list-style-type: none"> <li>All credit documents include credit report, title and appraisal must be within 120 days of the disbursement date.</li> <li>Income and Asset documentation must be within 30 days of the note date. If an asset account is reported on a quarterly basis, the most recently issued quarterly statement must be obtained.</li> <li>There are no changes to the age of documentation requirements for military income documented using a Leave of Earnings Statement, Social Security, retirement income, long-term disability, mortgage credit certificate, public assistance, foster care, or royalty payments apply using the standard age of document requirements</li> <li>Income docs must be within 30 days of the disbursement date.</li> <li>Asset and reserves are needed for ANY of the requirements herein, the asset statement must be dated within 30 days of the Note date.</li> </ul>
Appraisals	<ul style="list-style-type: none"> <li>Transfer appraisals are allowed.</li> <li>Desktop appraisals allowed for purchase transactions when an interior/exterior is not available.</li> </ul>

Credit	<ul style="list-style-type: none"> <li>▪ Each borrower must have at least one credit score to be eligible.</li> <li>▪ 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-months mortgage history and a credit score for each borrower.</li> <li>▪ Non-traditional Credit are not allowed.</li> </ul>
Borrower Eligibility	<ul style="list-style-type: none"> <li>▪ U.S. Citizens</li> <li>▪ All borrower must have a social security number</li> <li>▪ Permanent resident aliens, with proof of lawful permanent residence.</li> <li>▪ Non-permanent residence alien: <ul style="list-style-type: none"> <li>- Primary Residence</li> <li>- Must have valid SSN</li> <li>- Eligible to work in the United States by evidenced of Employment Authorization Document issue by the USCIS</li> <li>- The Borrower satisfies the same requirements, terms and conditions as those for U.S. citizens.</li> </ul> </li> <li>▪ Deferred Action for Childhood Arrivals (DACA) program are ineligible.</li> </ul>
Condominium	<ul style="list-style-type: none"> <li>▪ Must be FHA approved Condominium Project</li> </ul>
Income	<ul style="list-style-type: none"> <li>• Self-employed borrower requires 6 months reserves.</li> </ul>
Property Types	<p>Eligible Property Types:</p> <ul style="list-style-type: none"> <li>• Single Family (Detached, Attached)</li> <li>• PUD (Detached, Attached)</li> <li>• FHA-approved Condominium (Detached, Attached) under HRAP.</li> <li>• Modular Home</li> <li>• 2-4 units</li> <li>• Double-Wide Manufactured homes</li> </ul> <p>Ineligible Property Types:</p> <ul style="list-style-type: none"> <li>• Single-Wide Manufactured homes</li> <li>• Mobile Homes</li> <li>• Cooperatives</li> <li>• Condotels</li> <li>• Timeshares</li> <li>• Working Farms and Ranches</li> <li>• Unimproved land and property currently in litigations.</li> <li>▪ Commercial Enterprises (ie: Bed and Breakfast, Boarding House, Hotel)</li> </ul>
COVID-19 Overlays & Updates	<ul style="list-style-type: none"> <li>• <b>Desktop appraisals</b> allowed for purchase transactions when an interior/exterior is not available</li> <li>• <b>Age of documentation</b> Income and Asset documentation must be within 30 days of the note date. If an asset account is reported on a quarterly basis, the most recently issued quarterly statement must be obtained. This includes information received directly from a third-party employment verification vendor be no more than 30 days old as of the note date. <ul style="list-style-type: none"> <li>○ There are no changes to the age of documentation requirements for military income documented using a Leave of Earnings Statement, Social</li> </ul> </li> </ul>

Security, retirement income, long-term disability, mortgage credit certificate, public assistance, foster care, or royalty payments apply using the standard age of document requirements.

- **Unemployment benefits as qualifying income** can only be used if it is clearly associated with seasonal employment that is reported on the borrower's signed federal income tax returns.
  - Unemployed and furloughed individuals who are eligible for unemployment benefits under the CARES Act is deemed short-term in nature and is therefore not a reliable and predictable source of income for borrowers who are not established seasonal workers and cannot be used to qualify.
- **Furloughed borrowers** is a suspension from active employment that does not typically guarantee restoration of an employee's position when the furlough period ends. Until furloughed employees actually return to work, they are unable to provide evidence of a stable and reliable flow or employment-related income and are therefore ineligible under the Temporary Leave Income policy.
- **IRS Tax filing Extension granted through July 15, 2020** the following documentation requirements are being eliminated these normally apply when the mortgage has an application or disbursement date between April 15<sup>th</sup> and July 15<sup>th</sup>.
  - **Copy of IRS Form 4868** (*Application for Automatic Extension of Time of File U.S. Individual Tax Return*), and
  - **IRS Form 4506-T** (*Request for Transcript of Tax Return*) **transcript confirming "No Transcripts Available" for the 2019 tax year.**

**All other requirements contained in 4000.1 Allowable Age of Credit Documents and Federal Income Tax Returns, continue to apply.**

- **Employment validation through DU validation services** While representation and warranty relief for employment validation is temporarily suspended, we will continue to verify the employment of the borrower as close to closing as possible. When income or assets are validated, we will continue to follow the close-by dates and instructions issued in DU messages.
- **Verification of self-employment** verify the existence of the borrower's business within 120 calendar days prior to the note date. Due to latency in system updates or recertifications using annual licenses, certifications, or government systems of record, additional steps must be taken to confirm that the borrower's business is open and operating. Confirmation within 10 business days of the note date.

March 12th, 2021

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- **Note: 6 months reserves PITI is required.**

**Below are examples of methods that can be used to confirm the borrower's business is currently operating:**

- Evidence of current work (executed contracts or signed invoices that indicate the business is operating on the day of verification of self-employment);
- Evidence of current business receipts within 10 days of the note date (payment for services performed);
- Certification the business is open and operating (confirmed through a phone call or other means); or
- Business website demonstrating activity supporting current business operations (timely appointments for estimates or service can be scheduled).

**Note: If the business is not operating the income may not be used to qualify.**

- **Verbal verification of employment** due to the difficulty and disruption of operations in obtaining (VOE) verification from the borrower's employer we are allowing the following flexibilities:
  - **Written VOE:** obtain a written VOE confirming the borrower's current employment status within the same timeframe as the verbal VOE requirements. An email directly from the employer's work email address that identifies the name and title of the verifier and the borrower's name and current employment status may be used in lieu of a verbal VOE.
  - **Paystub:** obtain a year-to-date paystub from the pay period that immediately precedes the note date.
  - **Bank statements:** The borrower can provide bank statements (or other alternative documentation Verification of Deposits and Assets) evidencing the payroll deposit from the pay period that immediately precedes the note date.

If its discovered that the borrower is no longer employed, the associated income can no longer be considered in the qualification of the borrower, and the employment and associated income information should be removed from the Form 1003. The casefile should be resubmitted to DU if there is additional eligible qualifying income that can be documented and used for the borrower to proceed with the loan and obtain a DU Approved/Eligible.

**Note: If the borrower is transiting to a lower pay structure base or variable additional analysis must be conducted to determine the new income that can be used for qualifying.**

- **Stocks, Stock Options and Mutual Funds (Market-based assets)** due to market volatility when using these assets types for down payment or closing

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	<p>cost, evidence of the borrower's actual receipt of funds realized from the sale or liquidation must be documented in the all cases.</p> <ul style="list-style-type: none"><li>• <b>Continuity of income</b> Given the current economic climate associated with COVID-19 and its impact on employment and income, additional due diligence is necessary to ensure the most recent information is obtained. Helping to ensure any disruption to borrowers' employment (or self-employment) and/or income due to COVID-19 is not expected to negatively impact their ability to repay the loan. During these uncertain times, it is our goal to partner with you to help ensure sustainable homeownership for the borrower. The additional due diligence for self-employed borrower, is encouraged to be verified that the borrower's business is operational closer to the note date within 15 days rather than 120 days.</li><li>• <b>Deferred Debts (example auto or student loans)</b> although debts payments are temporarily suspended due to COVID-19 the payments must be considered in the borrower's DTI ratio in qualifying for a mortgage.</li></ul>
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