

FHA Matrix

FHA Standard					
Purchase		No Cash-Out Refinance		Cash-Out Refinance	
LTV ₁	FICO	LTV/CLTV	FICO Range	LTV/CLTV	FICO
90% - 96.5%	580+	97.75%	580+	80%	580+

¹See Down Payment Assistance and Secondary Financing section for CLTV limitations MI Factors for Case Assignments on/after January 26, 2015						
Base Loan Amount	>15 Years			≤15 Years		
≤ Conforming limit	LTV	UFMIP	Annual	LTV	UFMIP	Annual
	>95%	1.75%	0.55%	>90%	1.75%	0.40%
	≤95%		0.50%	≤90%		0.15%
≥ Conforming limit	>95%		0.75%	>78%		0.15%
	≤95%	0.70%	>78 & ≤ 90%	0.40%		
			>90%	0.65%		
Loan Program Names and Terms				Documentation		
Fixed Rate	Terms	ARMs	Other Terms	• M1 requires fraud detection and compliance test • Verbal VOE required within 10 days of closing		
Government 15	15 years	n/a	n/a			
Government 30	25 or 30 years	n/a	n/a			

*Maximum LTV is 85% if the borrower has not owned and occupied the property for the last 12 months. If the property has been owned less than 12 months and has been owner occupied since acquisition, then the LTV is not restricted to 85%. Seasoning is based on case number assignment date.

Guidance	
Minimum Loan Amount	<ul style="list-style-type: none"> • \$50,000 minimum loan amount on all products • \$75,000 on Manufactured Singlewide
Ability to Repay (ATR) and Qualified Mortgage (QM) Rule	<ul style="list-style-type: none"> • The ATR/QM rule requires that you made a reasonable, good faith determination before or when you consummate a mortgage loan that the borrower has a reasonable ability to repay the loan. M1 follows HUD and CFPB guidance in regards to QM. • Safe Harbor and Rebuttable Presumption QM loans are considered for purchase review with no additional overlays. • Sellers are responsible for providing evidence of compliance with the ATR/QM rules.

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High Cost/High Priced	<ul style="list-style-type: none"> • High-cost loans are ineligible for purchase by M1 • Higher priced mortgage loans (HPML) are eligible for purchase review
Age of Documents	<ul style="list-style-type: none"> • Credit documents must be no more than 120-days-old from the Note date (or Disbursement date, as applicable) including credit reports, employment, income, and asset documents. • Preliminary Title Policy cannot be more than 180 days from the date of the Promissory Note signing date. • For New Construction transactions, documents may be up to 180 days old in accordance with HUD 4000.1
Appraisal Requirements	<ul style="list-style-type: none"> • A full URAR appraisal (Form 1004 or applicable FHA-approved appraisal form), accompanied by form 1004MC, is required for all submissions (excluding Streamlines). • Appraisers may perform an update of a previously completed appraisal using Fannie Mae Form 1004D/Freddie Mac Form 442/March 2005 when requested by the Mortgagee. <p><u>Unpermitted property additions are acceptable if:</u></p> <ul style="list-style-type: none"> ○Subject addition complies with all FHA guidelines. ○Addition does not result in a change in the number of units comprising the subject property (e.g., a one- unit converted into a two-unit); ○The Appraiser doesn't give the unpermitted addition value; <i>and</i> ○The Appraiser has no reason to believe the addition would not pass inspection for a permit. <p><u>Electronic Appraisal Delivery (EAD)</u></p> <ul style="list-style-type: none"> • All loans must be submitted with proof of Electronic Appraisal Delivery to FHA
AUS	<ul style="list-style-type: none"> • LP, DU, or Loan Scorecard's FHA TOTAL Scorecard findings accepted for AUS • Manual underwriting is allowed • See FHA's Lender's Handbook 4000.1 for manual underwrites and manual downgrade requirements
Borrower Eligibility/Title Vesting	<ul style="list-style-type: none"> • U.S. citizens • Permanent resident aliens with proof of lawful permanent residence • Non-permanent resident alien immigrants with proof of lawful permanent residence • M1 allows Mortgage Credit Certificates (MCCs) in accordance with FHA policy (can be considered acceptable income or used to offset the mortgage payment) • Borrowers may hold title individually, as joint tenants, tenants in common, or inter vivos (except if Texas Home Equity transaction). • Titles held in the following are not eligible for purchase consideration: <ul style="list-style-type: none"> • Corporations • Partnerships • Real estate syndications • Irrevocable trusts are not eligible for purchase consideration. • Guardianships • Foreign Nationals

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Credit	<ul style="list-style-type: none"> • No minimum credit history or tradelines with AUS approval • LPD/GSA, SAM, and CAIVRs required • When the housing payment history is not evaluated by an AUS, or for Refer or <p>Manually Downgraded underwritten loans: ○There may be no history of any 30-day late mortgage or rental payments within the last 12 months ○There may be no history of more than two 30-day late mortgage or rental payments in the previous 24 months.</p>
Cash-Out Seasoning	<ul style="list-style-type: none"> • Except as provided below, for all cash-out refinance loans, the Note date of the new refinance loan must be on or after the later of: <ul style="list-style-type: none"> • The date that is 210 days after the first payment due date of the loan being refinanced, and • The date on which the sixth monthly payment is made on the loan being refinanced. <p>Note: If the prior loan was modified, the above seasoning requirement is calculated from the first payment due date on the loan modification agreement</p> <ul style="list-style-type: none"> • Loans refinancing non-mortgage debts secured by the subject property such as tax or mechanic lien are not subject to the seasoning requirements stated above. • Loans refinancing mortgages without scheduled monthly payments – such as reverse mortgages –are not subject to these seasoning requirements.
Employment and Income	<ul style="list-style-type: none"> • A Manually verified VOE in lieu of pay stubs is not acceptable • FHA - Wage Earner Borrowers Applies to all wage-earner borrowers. One of the following documentation options is required: OPTION 1 <ul style="list-style-type: none"> • Most Recent pay stub, AND • Written Verification of Employment (VOE) covering two (2) years If the WVOE is not obtained through "The Work Number",)a true Electronic WVOE), a MortgageOne ordered W-2 tax transcript for the most recent 2 years is required. <p>OPTION 2 Official "The Work Number" VOE covering two (2) years, obtained by MortgageOne, Inc., subject to the following: The borrower has authorized the Mortgagee to verify employment and income; and The data contained in the verification complies with FHA Maximum Age of Documents requirements.</p> <p>If "The Work Number" VOE does not include at least the most recent two years, a MortgageOne ordered W-2 tax transcript for the most recent two years will be required.</p>

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<p>Employment and Income</p>	<p>Reverification of Employment Reverification of Employment must be completed within 10 calendar days prior to the Note Date</p> <ul style="list-style-type: none"> • Verbal or electronic reverification of employment is acceptable • Electronic reverification data must be current within 30 days of the date of verification <p>Additional Requirements:</p> <ul style="list-style-type: none"> • If the file contains only a Written VOE (WVOE) and is a 100% gift transaction with no bank statements provided, the following are required: <ul style="list-style-type: none"> Most recent bank statement Most recent paystub(s) MortgageOne ordered W-2 tax transcripts for the most recent two (2) years • The FHA Underwriter retains discretion to require tax transcripts based on the documentation provided. • Exceptions will be reviewed on a case-by-case basis.
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Loans in Forbearance	<ul style="list-style-type: none"> • Borrowers who were granted mortgage payment forbearance are eligible for a new FHA mortgage provided: • The borrower continued to make regularly scheduled payments, and the Forbearance Plan is terminated, or • For cash-out refinances, the borrower has completed the Forbearance Plan and made at least 12 consecutive monthly payments post forbearance; or • For purchase and non-cash-out refinances, the borrower has completed the Forbearance Plan and made at least three (3) consecutive monthly payments post-forbearance; or • For all streamline refinances the borrower has made at least six (6) payments on the FHA-insured mortgage being refinanced <p>○For non-credit qualifying streamline refinances, the borrower must have made at least three (3) consecutive payments within the month due post-forbearance</p> <p>○where the FHA insured Mortgage has been modified after forbearance, the borrower must have made at least six (6) payments under the Modification. • A borrower who is still in mortgage payment forbearance at the time of case number assignment or has made less than three consecutive monthly mortgage payments within the month due since completing the Forbearance Plan, is eligible for a Credit Qualifying Streamline Refinance provided the borrower: ○Made all mortgage payments within the month due for the six months prior to forbearance; & ○Had no more than one 30-Day late payment for the previous six months. </p>
	Refer to HUD Mortgagee 2020-30 for additional guidance for borrowers with prior mortgage payment forbearance.
Escrow Holdbacks	<ul style="list-style-type: none"> • Escrow repairs are permitted for incomplete construction, or for alterations and repairs that cannot be completed prior to loan closing, provided the housing is habitable and safe for occupancy at the time of loan closing, and the cost of the repairs are not more than \$5,000 • For HUD REO properties, if repairs of no more than \$10,000 are needed for property to meet the HUD's minimum property requirements, an escrow account may be established to complete the repairs post-closing following FHA's repair completion escrow requirements. • The purchase file must contain the appropriate holdback documentation, including HUD Form 92300 with parts 1, 2, 3, and 5 completed
Down Payment Assistance and secondary Financing	<ul style="list-style-type: none"> • Down Payment Assistance provided by government entities are allowed in accordance with FHA guidelines • Secondary financing is permitted in conformance with FHA guidelines
203(k)	Not allowed

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<p>Condominiums</p>	<ul style="list-style-type: none"> • Must be located in an FHA-approved condominium project • HUD REOs do not require FHA condominium project approval • DELRAP is allowed <p>The certificate of insurance policy must contain the borrower's name and unit number. An individual hazard insurance policy is not required for a condominium unit. Seller must verify coverage of \$1,000,000 is in-force for the <u>entire project</u> before the mortgage loan is delivered to M1 TPO.</p> <p>For attached PUDs and condominiums, the amount of hazard insurance coverage must be at least equal to 100% of the insurable replacement costs of the project improvements, including individual units. A hazard insurance policy which includes a guaranteed replacement cost endorsement, or a replacement cost endorsement satisfies this requirement. If the hazard insurance policy includes co-insurance clause, an agreed amount endorsement waiving the co-insurance clause is required.</p> <p>Condominiums and PUDs located in the District of Columbia, and in the following states are exempt: Alabama, Illinois, Rhode Island, Alaska, Maryland, Tennessee, Colorado, Massachusetts, Vermont, Connecticut, Missouri, Washington, Delaware, New Hampshire, West Virginia, Florida, New Jersey, Hawaii, Pennsylvania</p>
<p>Disaster Policy</p>	<ul style="list-style-type: none"> • If an appraisal was completed on or prior to the incident period date(s) of the disaster, a disaster inspection will be required, • The inspection must be dated after the incident period, • If utilities have not been fully restored to the area, the Appraiser is not required to ensure utilities are on at the time of reinspection, • All damages must be repaired, and the subject property restored to its pre-disaster condition, or better, with appropriate and applicable documentation. • Lender Certification may be provided in lieu of reinspection. • If the appraisal was inspected after the disaster incident period date(s), For a period of 90 days from the incident period end date the appraisal must include written certification from the Appraiser that: <ul style="list-style-type: none"> ○Property is free from damage and the disaster has had no effect on the value or marketability, ○If the appraisal indicates damage, the extent of the damage must be addressed. Completion of repairs is required as evidenced by Form 1004D/442, Appraisal Update and/or Completion report (with photos) prior to the closing of the loan • If an appraisal was not required due to product type (FHA Streamline), a disaster inspection with interior and exterior photos is required • Lender's Certification in lieu of reinspection is acceptable <p>Note: Please refer to FEMA's website for recent updates on disaster areas</p>

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4506-C Transcripts Policy	<ul style="list-style-type: none"> • IRS Form 4506-C must be signed and completed by all borrowers. Transcripts must be obtained prior to loan closing for all borrowers (except non-credit qualifying Streamline refinance) <p>Note: Full 1040 transcripts for most recent two (2) years are required on all FHA loans that have a prior Mortgage Credit Reject by a Lender for DTI ratios or income concerns.</p>
Ineligible Properties/Products	<ul style="list-style-type: none"> • Commercial properties including, but not limited to, bed and breakfasts, assisted living, boarding houses, working farms and ranches • Non-traditional home types (geo-dome) • Hawaiian properties located in lava zones 1 or 2, as determined by the USGS • Mixed-use • Cooperatives • Condotels • Hotel condominiums • Timeshares • Unimproved land and property currently in litigation • Commercial enterprises • 203(k) conversions are ineligible for purchase by M1 unless the escrow has been closed out • No escrow waivers • FHA loans with unsecured interest-free loan for establishment of an escrow account • Working farms, ranches, orchards • Properties with C6 quality rating • Properties with C5 or C6 condition rating • Properties secured with PACE obligations or PACE like assessments
Principal Reductions	<p>If there are any principal reductions listed on the Final Closing Disclosure, the Seller must update FHA Connection and provide a MIC reflecting the reduction in principal amount prior to the sale of the loan to M1.</p>