

STANDARD PROPERTIES - MAXIMUM LTV/CLTV

FHA FIXED – PRIMARY RESIDENCE

LTV Limitations	# of Units	FICO	LTV/CLTV
Purchase	1 - 4	640	96.50%
Rate & Term Refi	1 - 4	640	97.75%
Cash Out Refinance (Standard)	1 - 4	640	80.00%
Cash Out Refinance (High Balance)		640	80.00%

FHA DOWN PAYMENT ASSISTANCE PROGRAM (LOAN AMOUNTS NOT TO EXCEED COUNTY LIMIT / STANDARD LOAN AMOUNTS)

LTV Limitations	# of Units	FICO	LTV/CLTV
Purchase	1 - 4	640	96.50% / Unlimited ^{1,2}

- All mortgages on the property collectively may not exceed the FHA Nationwide Mortgage Limit for the area in which the property is located in.
- Unlimited CLTV is applicable to Governmental Entities or HUD-Approved Nonprofits.

MANUFACTURED HOUSING - MAXIMUM LTV/CLTV

FHA FIXED – PRIMARY RESIDENCE

LTV Limitations	# of Units	FICO	LTV/CLTV
Purchase	1	640	96.50%
Rate & Term Refi	1	640	97.75%
Cash Out Refinance (Standard Loan Amounts) ³	1	640	80.00%

3. High Balance ineligible

Upfront Mortgage Insurance Premium (UFMIP) for ALL: 1.75% of the Base Loan Amount

Annual MIP for Case Numbers Assigned - Loan Amounts Less than or equal to \$625,500.

Mortgage term of <u>more than</u> 15 years		Mortgage term of <u>less than</u> or equal to 15 years	
LTV	Annual MIP	LTV	Annual MIP
> 95.00%	0.85%	> 90.00%	0.70%
≤ 95.00%	0.80%	≤ 90.00%	0.45%

Annual MIP for Case Numbers Assigned - Loan Amounts Greater than \$625,500.

Mortgage term of <u>more than</u> 15 years		Mortgage term of <u>less than</u> or equal to 15 years	
LTV	Annual MIP	LTV	Annual MIP
> 95.00%	1.05%	> 90.00%	0.95%
≤ 95.00%	1.00%	78.01% - 90.00%	0.70%
		≤ 78.00%	0.45%

**** Please see temporary guidelines regarding [COVID-19](#)**



COVID 19 UPDATE

Effective for all loans on or after March 23, 2020.

Land Home Financial Services (LHFSW) is committed to providing our lending partners with the highest level of service during these unprecedented times. We are currently experiencing a large volume, and we are working diligently to provide timely service. In addition, we are implementing guidance and requirements we have been faced with from the secondary market. We are taking measures to navigate successfully during these volatile market conditions. LHFS is working with our investors as there are many issues that lack clarity which may have a negative impact on our industry and our customers due to the current economic disruption we all are experiencing. We appreciate your understanding and consideration for the actions that we must implement. The updates below have been developed to provide information on loan file documentation during the COVID-19 situation.

The following is effective immediately and will apply to all loans:

- Manual Underwriting not allowed
- Title requirement for all loan types:
 - Activity may proceed in counties in which the courthouse is operational, searches can still be completed online, or the county accepts E-Recording.
 - A 2006 ALTA title insurance form with Covered Risk 14 provides gap coverage for matters arising between the loan closing date and the mortgage recording date. This will be considered acceptable as long as there is no exception for this coverage under Schedule B of the policy.
 - If Covered Risk 14 is not evident, the final title insurance policy must include evidence of Gap Insurance for the time between disbursement and recording of the new deed and/or mortgage.
- Re-Verification of employment:
 - Re-verification of employment within 10 days of the Note date as described in Handbook 4000.1, is not required, provided that Broker and LHFS are not aware of any loss of employment by the borrower and have obtained:
 - For forward purchase transactions, evidence the Borrower has a minimum of 2 months of Principal, Interest, Taxes and Insurance (PITI) in reserves; and
 - A year-to-date paystub or direct electronic verification of income for the pay period that immediately precedes the Note date, or
 - A bank statement showing direct deposit from the Borrower's employment for the pay period that immediately precedes the Note date.



COVID 19 UPDATE (CONTINUED)

When applicable, the appraiser may amend the scope of work to perform an Exterior-Only (viewing from the street) or Desktop-Only. The Appraiser may rely on supplemental information from other reliable sources such as Multiple Listing Service (MLS), and Tax Assessor's Property Record to prepare an appraisal report. The Appraiser may rely on information from an interested party to the transaction (borrower, real estate agent, property contact, etc.) with clear appraisal report disclosure when additional verification is not feasible. The appraisal report must contain adequate information to enable the intended users to understand the extent of the inspection that was performed.

The Exterior-Only and Desktop-Only Appraisal options must continue to be reported on the current FHA approved appraisal forms with amended certifications and scope of work disclosures.

Reference: [Mortgagee Letter 2020-05](#)



GENERAL REQUIREMENTS

ELIGIBILITY	<ul style="list-style-type: none"> All HUD agency guidelines apply. <ul style="list-style-type: none"> Standard FHA LTV amounts apply MCC's (Section 8) is ineligible HUD REO Purchase Transactions: <ul style="list-style-type: none"> Owner Occupied transactions only Title Policy is required HUD \$100 Down REO Purchase Program permitted
BORROWERS	<ul style="list-style-type: none"> Maximum number of 4 borrowers, including accommodation mortgagors. Ineligible Borrowers <ul style="list-style-type: none"> Borrowers with ITIN numbers. Borrowers that are not legal residents including, but not limited to the following borrowers: <ul style="list-style-type: none"> Diplomatic Immunity/Embassy Personnel, Borrowers with deferred action status, which includes DACA, Foreign Nationals, Borrowers with Temporary Protected Status (TPS)
CREDIT	<ul style="list-style-type: none"> High balance and cash out loans require a minimum 640 credit score. DTI determined by AUS findings. VOM/VOR as a standalone document is not permitted. VOM/VOR as a standalone document is not permitted. <ul style="list-style-type: none"> Evidence must be supported by 12 months cancelled checks or auto payment with a copy of the lease/note to confirm the terms required. Current year IRS taxes due: <ul style="list-style-type: none"> If borrower has not paid current year taxes due and is on extension, taxes must be paid current or taxes must be filed and have an approved IRS installment plan established. Land Home Financial Services, Inc. will run Undisclosed Debt Monitoring (UDM) prior to closing which may require additional information or affect borrower's loan approval if additional credit is obtained or late payments are reported. Prior to closing, any new inquiries and/or debt must be documented. <ul style="list-style-type: none"> Foreclosure, Deed-in-Lieu, and Short-Sale History: 3 years Chapter 7: 2 years from discharge date Chapter 13: Bankruptcies must be fully discharged before eligible for financing All delinquent credit that will impact title must be paid off prior to or at closing Outstanding charge-offs: <ul style="list-style-type: none"> A letter of explanation with supporting documentation, for each outstanding charge off account must be provided and consistent with the loan file. <ul style="list-style-type: none"> All outstanding judgments must be paid in full Mortgage History: <ul style="list-style-type: none"> AUS: 0x30 past 6 months and 1x30 past 12 months Borrowers with a history of overdrawn bank accounts require further evaluation to determine if there is a mismanagement of finances. Additional conditions, including but not limited to letter of explanation may apply.
EMPLOYMENT / INCOME	<ul style="list-style-type: none"> LHFS does not allow audited P&L's to be used for income calculation purposes. Rental income received from a relative requires a documented 12-month payment history of rents. Amended tax returns are only acceptable for documented errors or omissions. Paystubs and W-2's may not be substituted with a written verification of employment.



GENERAL REQUIREMENTS (CONTINUED)

<p>ASSETS</p>	<ul style="list-style-type: none"> • Gift donors cannot be on title or purchase contract as they do not meet the definition of "Gift" per agency definition. • VOD's are not acceptable for asset documentation alone. <p><u>Down Payment Assistance – Helpful Information:</u></p> <ul style="list-style-type: none"> • Ensuring the Down Payment Assistance Provider is a Charitable Organization <ul style="list-style-type: none"> • The Entity providing down payment assistance must be a charitable organization as defined by Section 501(a) of the Internal Revenue Code (IRC) of 1986 pursuant to Section 501(c) (3) of the IRC. <ul style="list-style-type: none"> ○ Organization providing gift must provide its Federal tax-exempt status • LHFS will accept first mortgage Loans originated in conjunction with Down Payment Assistance Programs in accordance with agency requirements. These may include, but are not limited to, such programs as Down Payment Assistance Programs (DAP), Up-Front Cost Assistance Programs (UCAP), and Housing Assistance Programs (HAP). <ul style="list-style-type: none"> ○ The DAP, UCAP or HAP must meet all published requirements of FHA; and ○ The first mortgage is not subject to any terms or conditions of a bond program; and ○ The DAP, UCAP or HAP does not restrict the transfer of servicing rights of the first Mortgage. In addition, it may not require prior notification or approval from the sponsoring authority in the event of the transfer of the first mortgage's servicing rights.
<p>TITLE</p>	<ul style="list-style-type: none"> • Any borrower holding title only must be a legal U.S. Resident. • Revocable Trusts (Living Trust) may be eligible on a case-by-case basis. • Split vesting is not allowed. Vesting must be 100% in a trust or 100% individual. <ul style="list-style-type: none"> • May be allowed on conforming conventional loans on an exception basis. • Title report may not be over 90 days old at the time loan docs are prepared. • Power of Attorney (POA's) are eligible on purchase and rate/term transactions only. • Subordinate Financing: <ul style="list-style-type: none"> • New subordinate financing is not permitted on refinance transactions. • All mortgages on the property collectively may not exceed the FHA Nationwide Mortgage Limit for the area in which the property is located in. • Permitted for closing costs and/or down payment but must conform to the above CLTV limitations. • Texas – Payoff of subordinate financing used for purchase or home improvements or the subordination of a second can be done as long as the first mortgage was not a home equity/cash-out Section 50(a)(6) loan <ul style="list-style-type: none"> ○ No negative amortization on the subordinate financing. The repayment terms of the subordinate must provide for regular payments that cover no less than interest due. ○ The interest rate on the subordinate should be less than the rate on the first ○ Should not restrict the borrower from selling the property.
<p>OTHER CONSIDERATIONS</p>	<ul style="list-style-type: none"> • LHFS Does not accept Transferred Case Numbers • Maximum days allowed for seller rent back 60 days. • All loan documentation should not be over 90 days old at submission. • Property Assessed Clean Energy (PACE) aka: Home Energy Renovation Opportunity (HERO) subordination not permitted. Must be paid in full prior to closing. • Temporary Buy down loans not permitted. • All HPML loans must pass Safe Harbor in order to be eligible for closing. • Base Loan amounts exceeding the "Standard" Loan Limits are considered "High Balance" • Rate & Term and Cash-Out Refinance: • Delinquent Interest may not be included. The Refinance does not permit a borrower to obtain cash back by not making a mortgage payment when due. • Many subordinate lien holders request 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 a subordinate lien in this manner often results in re-executing the lien at closing, which is acceptable. In this case, FHA does not consider this a new subordinate lien. • Cash-Out Refinance only: • The first payment due date of the new Loan cannot occur earlier than 210 days after the first payment due date of the loan being paid off. The borrower must have made at least six consecutive monthly payments on the loan being paid off, beginning with the payment made on the first due date.



GENERAL REQUIREMENTS (CONTINUED)

PROPERTY COLLATERAL

LHFS Does not accept Transferred Appraisals

Well & Septic:

- Local Health Authority well water analysis and/or septic report, where required by the local jurisdictional authority.
- Properties vacant 90+ days require a well and septic certification.

Condo Requirements:

FHA approved condominiums:

- Must be currently approved on HUD's condo list.
- Exceptions:
 - FHA to FHA Streamline Refinance
 - HUD REO property sales
- FHA spot approval not permitted.
- Certification for individual unit financing dated within 30 days prior to date of closing is required to be present in the loan file.
- Investor ownership:
 - No more than 10% of the units may be owned by one investor/entity which includes all rented and leased units that a builder/developer or HOA owns.
- For projects with ten or fewer units, no single investor/entity may own more than one unit within the project.
- Exceptions:
 - Investor or Builder owner occupied units.
 - Unoccupied and unsold units owned by builder/developer.
 - Eligible non-profit and/or governmental housing programs designed to assist in the purchase of low- or moderate-income housing.
 - Investor Concentration limited to 49%.
- Exceptions:
 - Units in projects that are subject to legally mandated rent regulations.
- Percentage of owners in arrears:
 - No more than 15% of units may be 30 days or more in arrears on their association dues (including vacant and bank-owned).
- Pending Litigation is not eligible.
- Exceptions:
 - Routine foreclosure actions by mortgagees or HOA to obtain rights to a specific unit.

Expired appraisals will not be accepted.

Exception:

- If an appraisal update is performed prior to expiration date.
- When the Clear to Close has been issued the D.E. Underwriter may extend the appraisal expiration date by 30 days. New 92900.5B must be completed and new LT noted.

Ineligible Properties / Locations:

- LHFS does not offer financing to properties that are secured by community land trusts (i.e., Illinois Land Trust).
- Co-ops.
- 2-4 Units in the state of New Jersey.
- Mixed-Use
- Working farms/ranches
- Texas (a)(6) cash-out refinance
- Unincorporated territories of the United States (borrowers and properties) are ineligible for financing.
 - Puerto Rico
 - US Virgin Islands
 - Guam
 - American Samoa
 - Swains Island



GENERAL REQUIREMENTS (CONTINUED)

HELPFUL LINKS

Land Home Financial Additional Resources:

- [eXPRESS](#)
- [LHFSWholesale.com](#)
- [FHA Submission Checklist \(LHFS Disclosed\)](#)
- [FHA Submission Checklist \(TPO Partner Disclosed\)](#)
- [Manufactured Housing Guidelines](#)

FHA DAP Program:

- Within Reach™
 - [Within Reach™ FHA Guidelines Summary](#)
 - [Within Reach™ FHA Income and Mortgage Limits](#)
 - [Within Reach™ - 2.0 FHA Submission Checklist \(LHFS Disclosed\)](#)
 - [Within Reach™ - 2.0 FHA Submission Checklist \(TPO Partner Disclosed\)](#)
 - [Within Reach™ - Lock Instructions](#)

Agency Guidelines:

- [FHA Guide](#)
- [FHA Mortgage Limits](#)
- [FHA FAQ Preview](#)
- [FHA FAQ](#)
- [FHA Approved Condo Lookup](#)
- [FHA Approved Condo Questionnaire](#)

Each loan files layers of risk (i.e., payment shock; gift funds; assets/reserves not verified; multiple layers of risk, etc.) may require additional documentation or explanations above and beyond the AUS requirements (i.e., rental history; budget letters; excessive commute detail, etc.).

Guidelines are for use by mortgage professionals only and subject to change without notice.

