



## FHA PORTFOLIO 550-579 FICO

### LTV / FICO

LOAN PURPOSE	MIN FICO	LTV	CLTV
Purchase/Refinance	550	90%	90%
Streamline Refi w/Appraisal	550	90%	90%
Refi Cash Out	550	85%	85%

FHA loan limits in all areas: <https://entp.hud.gov/idapp/html/hicost1.cfm>

### MORTGAGE INSURANCE

>15 YEAR TERM ≤ \$625,500			≤ 15 YEAR TERM ≤ \$625,500		
LTV	UFMIP	Annual	LTV	UFMIP	Annual
>95%	1.75%	.85%	>90%	1.75%	0.70%
≤95%	1.75%	.80%	≤90%	1.75%	0.45%
>15 YEAR TERM ≥ \$625,500			≤ 15 YEAR TERM ≥ \$625,500		
LTV	UFMIP	Annual	LTV	UFMIP	Annual
>95%	1.75%	1.05%	>78%	1.75%	0.70%
≤95%	1.75%	1.00%	78 - 90%	1.75%	0.45%
			>90%	1.75%	.95%

<b>Streamline</b>	Must be a benefit in payment savings of 5% or moving to a fixed rate loan.
<b>Purchases</b>	Requires FTHB Certificate and Verification of Rent from Management Company or 12 mths or cancelled rent checks.
<b>Ratios</b>	Max ratios of 31% front and 43% back for FICOS 550-579.
<b>Extenuating Circumstances "Back to Work" and Economic Event</b>	Borrowers with a prior bankruptcy, foreclosure, deed-in-lieu, or short sale may be eligible for an FHA insured loan if the bankruptcy, foreclosure, deed-in-lieu, short sale was the result of a documented extenuating circumstance. Borrowers may also be eligible for an FHA insured loan on a purchase transaction after 12 months from the completion, discharge, trustee's sale if the borrower meets the requirements for extenuating circumstances - Economic Event. Refer to the CMS FHA Lending Guide for complete information.
<b>Gifts</b>	Allowed. Gifts or excess gift funds are not acceptable as reserves.
<b>Collections</b>	AUS Approve/Eligible - The Underwriter must complete a capacity analysis off collection accounts with an aggregate

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	<p>balance <math>\geq</math> \$2,000. Non-purchasing spouse's collections are included in the combined balances for community property states. Monthly payments must be included in the DTI when cumulative balances are <math>\geq</math> \$2,000. Manually underwritten loans, in addition to the requirements above, the reason for approving a loan when the borrower has collection accounts regardless of the amount must be documented. The Underwriter must determine if the collection was result of disregard for financial obligations, inability to manage debt, or extenuating circumstances. The borrower must provide a letter of explanation with supporting documentation for each outstanding collection. Outstanding Collections with aggregate \$2,000 or more: Prior to closing, the collection account is paid in full. Verification of acceptable sources of funds is required. - Payment arrangements have been made with the creditor. The monthly payment must be included in the DTI and documentation is required. 5% of the outstanding balance of each collection will be used as the monthly payment and will be included in the DTI. - Repos are treated as charge offs unless specifically notated that the account was sent to collections. 5% monthly payment on this account is not required in the DTI Ratio.</p>
<p><b>Insufficient Credit</b></p>	<p>Borrowers with insufficient credit history do not meet guidelines for non-traditional credit because they lack either three non-traditional rated tradelines, or they do not have a housing tradeline. Non-traditional trade references may not be used to overcome poor pay histories of traditional credit. Loans with insufficient credit history are to be run through the AUS. At the DE's discretion, the loan may be downgraded to a manual underwrite. Additional trade references or asset documentation may be required regardless of the AUS Findings. The max ratios for borrowers with insufficient credit history is 31%/43%. Compensating factors for higher ratios are not applicable. 1 month reserve requirement for 1-2 Unit properties. 3 month reserve requirement for 3-4 Unit properties. Non-occupying co-borrowers are not permitted.</p>
<p><b>Credit</b></p>	<p>Minimum of 1 reported credit score required for borrowers with traditional and thin file credit. No scores for borrowers with non-traditional credit and insufficient credit history. Borrowers who have no established traditional credit references may be eligible using non-traditional credit references. A minimum of 3 credit references each rated for 12</p>

	<p>months is required. At least one of the credit references must be housing related. There can be no housing lates and maximum 1x30 day late payment with the other credit references in the previous 12 months. There can be no major adverse or public records filed in the last 12 months. Non-traditional credit references may not be used to offset derogatory pay histories on traditional credit. Non-traditional credit may not be used to enhance the credit history of a borrower with derogatory pay histories. Refer to LENDER FHA Lending Guides for additional information regarding the use of non-traditional trade references. All loans with non-traditional credit require a manual underwrite, max LTV allowed per program guidelines, maximum ratios of 31%/43%, 1 month reserve requirement for 1-2 Unit properties. 3 month reserve requirement for 3-4 Unit properties, gift funds allowed for down payment and closing costs, 2 years tax returns and tax transcripts required, and must follow standard FHA guidelines as outlined in the Lender/FHA Lending Guide.</p>
<p><b>Occupancy</b></p>	<p>Co-borrowers/co-signers are permitted, but must be immediate family members; proof of relationship will be required. Other blood relatives (aunts, uncles, cousins etc.) will be permitted and the occupant borrower DTI cannot exceed 50%.</p> <p>Non-Occupant Co-borrower allowed for 1 Unit properties only. Max mortgage is limited to 75% LTV unless non occupying co-borrower's meet FHA definition of 'immediate family member'. Seller cannot be non-occupant co-borrower. Non occupant co-borrowers may be added to improve ratios. Non occupant co-borrowers cannot be used to overcome or offset borrower's derogatory credit. The non-occupying borrower arrangement may never be used to develop a portfolio of rental properties. The financial contribution by the non-occupying co-borrower and the number of properties owned may indicate family members are acting as 'straw buyers.' Lender will not lend on transactions with non-occupying co-borrowers that fit the above scenario. Non-occupant co-borrowers are not eligible on cash out transactions.</p>
<p><b>Reserves</b></p>	<p>AUS: 1-2 Units: None. 3-4 Units: 3 Mos. PITI. Reserves cannot be gift funds, must be borrower's own. Manually Underwritten Loans: 1-2 Units: 1 Month. 3-4 Units: 3 Months</p>

*Note: Guidelines are subject to change.*

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