

## SECTION 1

### MATRIX:

#### Platinum FHA Standard:

Primary Residence – Owner Occupied				
Transaction	FICO	Number of Units	Maximum LTV	Maximum CLTV
Purchase	620	1-4	96.50	96.50 <sup>1</sup>
No Cash Out / Simple Refinance	620	1-4	97.75 <sup>2</sup>	97.75 <sup>2</sup>
Cash Out	620	1-4	85	85

#### Footnotes:

- In some cases (i.e. provided by a family member, government agency, etc...) subordinate financing may be as high as 100% CLTV.
- 85% LTV for No Cash Out refinances where the borrower has occupied the subject property fewer than 12 months prior to case number assignment or if owned less than 12 months, has not occupied the property for that entire period of ownership.

## SECTION 2

### Products:

#### Program Codes

FHA ARM Standard Conforming	
5/1 FHA ARM	8700-99

## SECTION 3

### Highlights:

<b>1031 Exchange</b>	Funds from 1031 Tax Deferred Exchanges are not eligible.
<b>4506 Transcripts</b>	Transcripts are required per income documentation type included in the loan file.
<b>ARM Parameters</b>	<b>5/1 ARM</b> <ul style="list-style-type: none"> <li>Caps: 1/1/5</li> <li>Margin: 2.00%</li> <li>Index: Constant Maturity Treasury (CMT)</li> <li>Qualify using the Note rate</li> <li><b>Credit scores &lt; 640 – manual underwriting is not allowed</b></li> </ul>
<b>Assets</b>	Cryptocurrency, such as Bitcoin and Ethereum may NOT be used for down payment funds or closing funds. These funds must be backed out of the borrower's assets.
<b>AUS</b>	<ul style="list-style-type: none"> <li>DU only. LPA not eligible.</li> <li>DU "Approve/Eligible" required for credit scores &lt;650.</li> </ul>
<b>Borrower Eligibility</b>	<p>Maximum four borrowers per transaction.</p> <p>All borrowers must have a valid Social Security number.</p> <p>The following are eligible:</p> <ul style="list-style-type: none"> <li>Permanent Resident Aliens with proof of lawful residence</li> <li>Non-Permanent Resident Aliens who are eligible to work in the U.S. as evidenced by an Employment Authorization Document (EAD Card) issued by the USCIS.                             <ul style="list-style-type: none"> <li>The Employment authorization Document is required to substantiate work status.</li> <li>If the Employment Authorization Document will expire within one year and a prior history of residency status renewals exists, determine the likelihood or renewal based on information from the USCIS.</li> </ul> </li> </ul> <p>The following are ineligible:</p> <ul style="list-style-type: none"> <li>Borrowers with Diplomatic Immunity</li> <li>Borrowers with Temporary Protected Status</li> <li>Borrowers with Deferred Enforced Departure or Humanitarian Parole Status</li> <li>Corporations</li> <li>Foreign Nationals</li> <li>Foreign Politically Exposed Persons</li> <li>LLCs or Other Business Entities</li> </ul>

	<ul style="list-style-type: none"> <li>• Non-Resident Aliens</li> <li>Partnerships or Other Business Entities</li> </ul>
<b>Building on Own Land</b>	Not Allowed
<b>Cash on Hand</b>	Not Allowed
<b>Co-borrower or Co-Signer</b>	<ul style="list-style-type: none"> <li>• Must be either a U.S. citizen or have a permanent residence in the U.S.</li> <li>• May not be the seller, builder, real estate agent, etc. unless the co-borrower/co-signer is a family member.</li> </ul>
<b>Community Property States</b>	<ul style="list-style-type: none"> <li>• Arizona</li> <li>• California</li> <li>• Idaho</li> <li>• Louisiana</li> <li>• Nevada</li> <li>• New Mexico</li> <li>• Texas</li> <li>• Washington</li> <li>• Wisconsin</li> </ul>
<b>Condominium</b>	Must be in an FHA HRAP approved project
<b>Construction to Perm</b>	Not Allowed
<b>Credit Reports</b>	<ul style="list-style-type: none"> <li>• A new credit report may not be pulled once the file has been submitted for underwriting.</li> <li>• A new credit report is allowed only after the existing credit report has expired.</li> </ul>
<b>Credit Score</b>	All borrowers must have at least one valid credit score.
<b>Deed Restrictions</b>	Age related restrictions only
<b>Derogatory Credit</b>	All judgments must be paid. A payment plan is not allowed.
<b>DPA/MCC</b>	Not Allowed
<b>Escrow Holdbacks/Repair Escrows</b>	Not Allowed
<b>E-Signatures</b>	<p>The following loan documents may not be signed using E-Signature:</p> <ul style="list-style-type: none"> <li>• Note and Riders to the Note;</li> <li>• Security Instruments and Riders;</li> <li>• Notice of Right to Cancel; and</li> <li>• Powers of Attorney</li> </ul>
<b>Family Member Defined</b>	<p>Family member is defined as follows regardless of actual or perceived sexual orientation, gender identity, or legal marital status:</p> <ul style="list-style-type: none"> <li>• Child, parent, or grandparent; <ul style="list-style-type: none"> <li>▪ A child is defined as a son, stepson, daughter, or stepdaughter;</li> <li>▪ A parent or grandparent includes a step-parent/grandparent or foster parent/grandparent;</li> </ul> </li> <li>• Spouse or domestic partner;</li> <li>• Legally adopted son or daughter including a child who is placed with the borrower by an authorized agency for legal adoption;</li> <li>• Foster child;</li> <li>• Brother, stepbrother;</li> <li>• Sister, stepsister;</li> <li>• Uncle;</li> <li>• Aunt; or</li> <li>• Son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law of the borrower.</li> </ul>
<b>Gift Funds</b>	<p><b>Cash on hand is not an acceptable source of donor gift funds.</b></p> <ul style="list-style-type: none"> <li>• Obtain a gift letter signed and dated by the donor and the borrower that includes the following: <ul style="list-style-type: none"> <li>▪ The donor's name, address and telephone number;</li> <li>▪ The donor's relationship to the borrower;</li> <li>▪ The dollar amount of the gift; and</li> <li>▪ A statement that no repayment is required.</li> </ul> </li> <li>• Verify and document the transfer of the gift funds from the donor to the borrower by providing the following: <ul style="list-style-type: none"> <li>▪ If the gift funds have been verified in the borrower's account, obtain the <b>donor's</b></li> </ul> </li> </ul>

	<p><b>bank statement showing the withdrawal</b> and evidence of deposit into the borrower's account.</p> <ul style="list-style-type: none"> <li>▪ If the gift funds are not verified in the borrower's account, obtain the certified check, money order, cashier's check, wire transfer or other official check, and <b>a bank statement showing the withdrawal from the donor's account.</b></li> <li>• If the gift funds are paid directly to the settlement agent verify that:             <ul style="list-style-type: none"> <li>▪ The settlement agent received the funds from the donor for the amount of the gift; and</li> <li>▪ <b>A bank statement showing the withdrawal from the donor's account.</b></li> </ul> </li> <li>• <b>Only family members may provide equity credit as a gift on property being sold to other family members.</b></li> </ul>
<p><b>High Balance Loan Amounts</b></p>	<p>Not Allowed</p>
<p><b>Identity of Interest Transactions</b></p>	<p>An Identity-of-Interest transaction is a sale between parties with an existing <b>business relationship</b> or between <b>family members</b>.</p> <ul style="list-style-type: none"> <li>• <b>The maximum LTV percentage for Identity-of-Interest transactions on purchase transactions is limited to 85%.</b></li> <li>• <b>The maximum LTV percentage for a transaction where a tenant-landlord relationship exists at the time of sales contract execution is restricted to 85%.</b></li> </ul> <p>The 85% LTV restriction may be exceeded if the borrower purchases as their principal residence:</p> <ul style="list-style-type: none"> <li>• The <b>principal residence of another family member</b>; or</li> <li>• A property owned by a family member where the borrower <b>has been a tenant for at least six months</b> immediately predating the sales contract.</li> <li>• An employee of a builder who is not a family member purchases one of the builder's new houses or models as a principal residence; or</li> <li>• The current tenant purchases the property where the <b>tenant has rented the property for at least six months</b> immediately predating the sales contract.</li> </ul>
<p><b>Ineligible Programs</b></p>	<p>The following programs are not eligible:</p> <ul style="list-style-type: none"> <li>• 203(h) Disaster Victims</li> <li>• 203(k) Rehabilitation Program</li> <li>• 235 Refinance of Borrowers in Negative Equity Positions</li> <li>• 247 Hawaiian Homelands</li> <li>• 248 Indian Lands</li> <li>• \$100 Down Program</li> <li>• Building on Own Land</li> <li>• Energy Efficient Mortgage Program (EEM)</li> <li>• FHA Assumption Program</li> <li>• Good Neighbor/Officer Next Door</li> <li>• Graduated Payment Program</li> <li>• Growing Equity Mortgages</li> <li>• Housing Authority Subsidies</li> <li>• HUD REO Program</li> <li>• Loans to Non-Profit Organizations</li> <li>• Loans with Private Water Purification Systems</li> <li>• Repair Escrows</li> <li>• Section 8 Vouchers</li> <li>• Short Refinances</li> </ul>
<p><b>Ineligible Properties</b></p>	<p>The following property types are not eligible:</p> <ul style="list-style-type: none"> <li>• Assisted Living Properties</li> <li>• Bed and Breakfast Establishments</li> <li>• Boarding Houses</li> <li>• Commercial Properties</li> <li>• Condotels, Motels or Hotels</li> <li>• Co-ops</li> <li>• Fraternity or Sorority Houses</li> <li>• Hawaii Properties in Lava Zones 1 and 2</li> <li>• Houseboats</li> <li>• Log or Dome Homes</li> </ul>

	<ul style="list-style-type: none"> <li>• Mobile Homes</li> <li>• Native American Indian Trust Lands</li> <li>• Newly Constructed Manufactured Homes</li> <li>• Newly Constructed Properties Located in Military Airfield Accident Prone Zone 1</li> <li>• Private Clubs</li> <li>• Properties with Condition/Quality Ratings of C5, C6, or Q6</li> <li>• Properties Contaminated by Methamphetamine Production or Use</li> <li>• Properties with More than One Accessory Dwelling</li> <li>• Properties Located within 75 Feet of an Operating/Proposed Gas or Oil Well</li> <li>• Properties Located within 10 Feet of a Pipeline Easement or High Pressure Gas Line</li> <li>• Properties Located within 300 Feet of Above/Below Ground Stationary Storage Tanks Containing more than 1000 Gallons of Explosive/Flammable Fuel (Includes Gas Stations)</li> <li>• Properties Located in Coastal Barrier Resources Systems (CBRS)</li> <li>• Properties that do not meet FHA MPR/MPS.</li> <li>• Timeshares</li> <li>• Vacation Homes</li> <li>• Working Farms and Ranches</li> </ul>															
<b>Land Trusts</b>	Not Eligible															
<b>Loan Limits</b>	<b>FHA Mortgage Limits</b> <ul style="list-style-type: none"> <li>• <a href="https://entp.hud.gov/idapp/html/hicostlook.cfm">https://entp.hud.gov/idapp/html/hicostlook.cfm</a></li> </ul>															
<b>Manufactured Home</b>	Not Allowed															
<b>Manual Underwriting</b>	<p>Allowed – must meet the following requirements:</p> <ul style="list-style-type: none"> <li>• <b>Credit Score <math>\geq</math>640 is required</b></li> </ul> <table border="1" data-bbox="430 976 1502 1323"> <thead> <tr> <th><i>Lowest Minimum Decision Credit Score</i></th> <th><i>Maximum Qualifying Ratios</i></th> <th><i>Acceptable Compensating Factors</i></th> </tr> </thead> <tbody> <tr> <td><b>580 and Above</b></td> <td><b>31/43</b></td> <td>Compensating factors are not required.</td> </tr> <tr> <td><b>580 and Above</b></td> <td><b>37/47</b></td> <td> <b>One</b> of the following:                             <ul style="list-style-type: none"> <li>• Verified and documented cash reserves;</li> <li>• Minimal increase in housing payment; or</li> <li>• Residual income</li> </ul> </td> </tr> <tr> <td><b>580 and Above</b></td> <td><b>40/40</b></td> <td>No discretionary debt</td> </tr> <tr> <td><b>580 and Above</b></td> <td><b>40/50</b></td> <td> <b>Two</b> of the following:                             <ul style="list-style-type: none"> <li>• Verified and documented cash reserves;</li> <li>• Minimal increase in housing payment; or</li> <li>• Residual income</li> </ul> </td> </tr> </tbody> </table>	<i>Lowest Minimum Decision Credit Score</i>	<i>Maximum Qualifying Ratios</i>	<i>Acceptable Compensating Factors</i>	<b>580 and Above</b>	<b>31/43</b>	Compensating factors are not required.	<b>580 and Above</b>	<b>37/47</b>	<b>One</b> of the following: <ul style="list-style-type: none"> <li>• Verified and documented cash reserves;</li> <li>• Minimal increase in housing payment; or</li> <li>• Residual income</li> </ul>	<b>580 and Above</b>	<b>40/40</b>	No discretionary debt	<b>580 and Above</b>	<b>40/50</b>	<b>Two</b> of the following: <ul style="list-style-type: none"> <li>• Verified and documented cash reserves;</li> <li>• Minimal increase in housing payment; or</li> <li>• Residual income</li> </ul>
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<b>Marijuana Related Business/Employment</b>	Income from a marijuana related business or employment is ineligible for qualifying purposes															
<b>Mixed Use Properties</b>	Allowed per FHA Requirements															
<b>Non-Occupant Co-Borrower</b>	<ul style="list-style-type: none"> <li>• 75% Maximum LTV on 1-4 units unless the non-occupant co-borrower is a family member as defined by FHA</li> <li>• Rental income may not be used to qualify</li> <li>• Not allowed for qualifying purposes on cash-out refinance transactions</li> <li>• The non-occupant co-borrower must take title to the property and sign the note and deed of trust/mortgage</li> <li>• The non-occupant co-borrower must have a principal residence in the United States or be a U.S. citizen</li> </ul>															
<b>Non-Traditional Credit</b>	Not Allowed															
<b>PACE (HERO) Programs</b>	Not Allowed															
<b>Payoff of an Installment Land Contract</b>	Not Allowed															
<b>Power of Attorney</b>	<p>Must meet FHA requirements.</p> <p>Powers of Attorney may not be used for the following transaction types:</p> <ul style="list-style-type: none"> <li>• Cash-Out Refinance</li> </ul>															

	<ul style="list-style-type: none"> <li>• Identity-of-Interest Transactions</li> <li>• Non-Occupant Co-Borrowers</li> <li>• Title in Trust</li> </ul>
<b>Refinance Seasoning Requirements</b>	<p><b>Cash-Out Refinances</b> must meet the following seasoning requirements:</p> <ul style="list-style-type: none"> <li>• The property securing the <b>cash-out refinance</b> must have been <b>owned and occupied by the borrower as their principal residence</b> for the <b>12 months prior to the date of the case number assignment</b>. <ul style="list-style-type: none"> <li>▪ For a streamline refinance or a cash-out refinance, the borrower must have made at least <b>six consecutive monthly payments</b> on the loan being refinanced beginning with the payment made on the first payment due date; and</li> <li>▪ The first payment due date of the new loan must occur <b>no earlier than 210 days</b> after the first payment due date of the loan being refinanced.</li> </ul> </li> </ul>
<b>Refinance Value Requirements</b>	<p>For properties <b>acquired by the borrower within 12 months of the case number assignment date</b> the appraised value is the <b>lesser of</b>:</p> <ul style="list-style-type: none"> <li>• The borrower's purchase price plus any documented improvements made after the purchase; or</li> <li>• The appraised value.</li> </ul> <p>Properties acquired by the borrower <b>within 12 months of the case number assignment by inheritance or through a gift from a family member</b> may use the appraised value.</p>
<b>Rental Income from a Departure Residence</b>	<p>If rental income is being derived <b>from the property being vacated by the borrower, the borrower must be relocating to an area more than 100 miles from the borrower's current principal residence</b>. Obtain the following documentation:</p> <ul style="list-style-type: none"> <li>• A lease agreement of at least one year's duration after the loan closing date;</li> <li>• Evidence of the tenant's payment to the borrower of the security deposit and/or the first month's rent; and</li> <li>• <b>An appraisal evidencing market rent and that the borrower has at least <u>25% equity in the departure property</u>.</b></li> </ul>
<b>Sales Contract</b>	Assigned Sales Contracts – Not Allowed
<b>Section 8 Voucher</b>	Not Allowed
<b>State Restrictions</b>	<p>The following state restrictions apply</p> <ul style="list-style-type: none"> <li>• 2-4 units in New Jersey – Not Allowed</li> <li>• Properties in West Virginia</li> <li>• Properties in U.S. Territories or Possessions – Not Allowed</li> <li>• Texas 50(a)(6) transactions - Not Allowed</li> <li>• Hawaii Properties located in Lava Flow Zones 1 and 2</li> </ul>
<b>Streamline Refinance</b>	Not Allowed
<b>Tax Returns</b>	<ul style="list-style-type: none"> <li>• Amended tax returns that increase the borrower's income – Not Allowed</li> <li>• When the tax return reflects monies are owed to the IRS for the most recent tax year, evidence of payment to the IRS is required.</li> </ul>
<b>Temporary Buy Downs</b>	Not Allowed
<b>Three and Four Unit Properties</b>	<ul style="list-style-type: none"> <li>• Three months' PITIA reserves required from borrower's own funds. Reserves may not be from a gift.</li> <li>• Three and four unit properties must be self-sufficient. <ul style="list-style-type: none"> <li>▪ Net self-sufficient rental income is the rental income produced by the subject property over and above the PITIA.</li> <li>▪ Net self-sufficiency rental income is calculated by using the appraiser's estimate of fair market rent from all units, including the unit the borrower chooses for occupancy, and subtracting the greater of the appraiser's estimate for vacancies and maintenance, or 25% of the fair market value.</li> </ul> </li> </ul> <p><b>The PITIA divided by the monthly net self-sufficiency rental income may not exceed 100%.</b></p>
<b>Unpermitted Additions</b>	<p>Properties with unpermitted structural additions are allowed under the following conditions:</p> <ul style="list-style-type: none"> <li>• The quality of the work is described in the appraisal and deemed acceptable (workmanlike quality) by the appraiser;</li> <li>• The addition does not result in a change in the number of units comprising the subject property</li> <li>• If the appraiser gives the unpermitted addition value, the appraiser must be able to demonstrate market acceptance by the use of comparable sales with similar additions and state the following in the appraisal: <ul style="list-style-type: none"> <li>▪ Non-permitted additions are typical for the market area and a typical buyer would</li> </ul> </li> </ul>

	<p>consider the unpermitted additional square footage to be part of the overall square footage of the property.</p> <ul style="list-style-type: none"> <li>▪ The appraiser has no reason to believe the addition would not pass inspection for a permit.</li> </ul>
<p><b>Verification of Employment / Verification of Deposit / Verification of Mortgage/Rent</b></p>	<ul style="list-style-type: none"> <li>• The use of a Verification of Employment (VOE) and/or a Verification of Deposit (VOD) only is not allowed.             <ul style="list-style-type: none"> <li>▪ At a minimum paystubs and bank statements are required.</li> </ul> </li> <li>• When the borrower’s current mortgagee or landlord is a private party, the use of a Verification of Mortgage (VOM) or Verification of Rent (VOR) only is not allowed.             <ul style="list-style-type: none"> <li>▪ Copies of the borrower’s most recent, consecutive 12 months cancelled checks will be required.</li> </ul> </li> </ul>