

Transaction	FICO	Number of Units	Maximum LTV	Maximum CLTV
Primary Residence – Owner Occupied				
Purchase	640	1-4	96.50	96.50 ¹
No Cash Out / Simple Refinance	640	1-4	97.75 ⁴	97.75 ⁴
Cash Out	640	1-4	85	85
Streamline w/out appraisal	640/680*	1-4	100 ^{2,3}	125 ²

Footnotes:

1. In some cases (i.e. provided by a family member, government agency, etc...) subordinate financing may be as high as 100% CLTV.
2. LTVs/CLTVs for Streamline refinances W/O appraisals are based on the original loan amount.
3. Non-Credit Qualifying Streamlines: The new base loan amount may not exceed the original base loan amount.
4. 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.

***Streamline Refinances require a minimum credit score of 680 when the existing loan is not serviced by the investor.**

Select FHA Standard Conforming Programs				
30 Year Fixed	8000-05		30 Year Fixed Streamline	8037-05
25 Year Fixed	8100-05		25 Year Fixed Streamline	8137-05
20 Year Fixed	8200-05		20 Year Fixed Streamline	8237-05
15 Year Fixed	8300-05		15 Year Fixed Streamline	8337-05
Select FHA Standard High Balance Programs				
30 Year Fixed High Balance	8033-05		30 Year Fixed High Balance Streamline	8038-05
15 Year Fixed High Balance	8333-05		15 Year Fixed High Balance Streamline	8338-05

Select FHA Highlights Table	
Topic	Highlights
4506 Transcripts	Transcripts are required per income documentation type included in the loan file.
Appraisals	An Environmental Property Inspection is required when the property is exposed to the environmental hazard of sulfur-containing drywall.
Assets	Cryptocurrency, such as Bitcoin and Ethereum, may NOT be used for down payment funds or closing funds. These types of funds must be backed out of the borrower's assets.
AUS System	DU. LPA is not eligible
Borrower Eligibility	The following are ineligible: <ul style="list-style-type: none"> • Borrowers with Diplomatic Immunity • Corporations, LLCs, Partnerships or other Business Entities • Foreign Nationals • Government Entity Borrowers • Non-Profit Organization Borrowers • Non-Resident Aliens
Building on Own Land	Not Eligible
Cash on Hand	Not Eligible
Co-Borrower or Co-Signer	<ul style="list-style-type: none"> • Must be either a U.S. citizen or have a permanent residence in the U.S. • May not be the seller, builder, real estate agent, etc. unless the co-borrower/co-signer is a family member.

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Community Property States	<ul style="list-style-type: none"> • Arizona • California • Idaho • Louisiana • Nevada • New Mexico • Texas • Washington • Wisconsin
Condominium	Must be in an FHA HRAP approved project
Condo/PUD Insurance	<p>Properties that are in attached projects, including 2-4 unit projects, require coverage for 100% of the insurable value for the complete project, both the interior and exterior of the units.</p> <ul style="list-style-type: none"> • If the HOA Master Policy does not provide coverage for the interiors of the project units, a walls-in (HO-6 or equivalent) policy for the individual unit is required. • The walls-in policy must be sufficient to repair the interior of the unit including any additions, improvements and betterments to its original condition in the event of a loss.
Construction to Permanent	Not Eligible
Credit Report	<ul style="list-style-type: none"> • A new credit report may not be pulled once the file has been submitted for underwriting. • A new credit report is allowed only after the existing credit report has expired.
Deed Restrictions	Not Eligible
DPA/MCC	Not Eligible
Escrow Holdbacks/Repair Escrows	Not Eligible
E-Signatures	<p>The following loan documents may not be signed using E-signatures:</p> <ul style="list-style-type: none"> • Note and Riders to the Note; • Security Instruments and Riders; • Notice of Right to Cancel; and • Powers of Attorney
Family Member Defined	<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"> • Child, parent, or grandparent; <ul style="list-style-type: none"> ▪ A child is defined as a son, stepson, daughter, or stepdaughter; ▪ A parent or grandparent includes a step-parent/grandparent or foster parent/grandparent; • Spouse or domestic partner; • Legally adopted son or daughter including a child who is placed with the borrower by an authorized agency for legal adoption; • Foster child; • Brother, stepbrother; • Sister, stepsister; • Uncle; • Aunt; or <p>Son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law of the borrower.</p>
Flood Insurance – Additional Requirements	<p>Flood insurance must be obtained on all properties located in a Special Flood Hazard Area (SFHA). A SFHA is a high-risk flood area that is designated by a flood zone that begins with A or V. The following are required:</p>

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	<ul style="list-style-type: none"> • An escrow/impound account must be established for payment of the flood insurance premiums regardless of LTV and/or Federal exemptions. • Evidence that a flood insurance policy is in force for the subject property and that the first year's premium has been paid in full is required as documented by one of the following: <ul style="list-style-type: none"> ▪ Flood policy declarations page (or policy); or ▪ Complete flood insurance application, signed and dated by the insurance agent, and proof that the premium has been paid. <p>NOTE: All flood insurance documents provided must reflect the flood zone that is listed on the Standard Flood Hazard Determination form or indicate that the flood zone used to rate the policy was grandfathered.</p> <p>Follow FHA guidelines with respect to flood insurance coverage requirements. The following specific requirements apply:</p> <ul style="list-style-type: none"> • Replacement cost value is defined as 100% of the insurable value of the improvements as determined by the amount of hazard insurance coverage obtained. • A PUD unit requires its own separate flood insurance policy unless the Homeowner's Association has worked with FEMA to be covered by a Residential Condominium Building Association Policy in the HOA's name. • Loans are not eligible for purchase until the required amount of coverage is in effect and any waiting periods have expired. <p>Detached Structures on the Subject Property:</p> <ul style="list-style-type: none"> • Residential detached structures (generally defined as having a food preparation area, bathroom, and/or sleeping area) valued greater than \$10,000 in a SFHA require flood insurance coverage at 100% of the insurable value. • For detached structures that include some but not all three facilities (food preparation area, bathroom, and sleeping are), make a good faith determination and provide documentation clearly detailing whether the detached structure serves as, or is intended to serve as, a residence. • If the structure is not intended to serve as a residence, follow FHA guidelines with respect to flood insurance requirements on non-residential detached structures.
<p>Gift Funds</p>	<p>Cash on hand is not an acceptable source of donor gift funds.</p> <ul style="list-style-type: none"> • Obtain a gift letter signed and dated by the donor and the borrower that includes the following: <ul style="list-style-type: none"> ▪ The donor's name, address and telephone number; ▪ The donor's relationship to the borrower; ▪ The dollar amount of the gift; and ▪ A statement that no repayment is required. • 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"> ▪ If the gift funds have been verified in the borrower's account, obtain the donor's bank statement showing the withdrawal and evidence of deposit into the borrower's account. ▪ 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 a bank statement showing the withdrawal from the donor's account. • If the gift funds are paid directly to the settlement agent verify that: <ul style="list-style-type: none"> ▪ The settlement agent received the funds from the donor for the amount of the gift; and ▪ A bank statement showing the withdrawal from the donor's account. • Only family members may provide equity credit as a gift on property being sold to other family members.
<p>High Balance Loans</p>	<p>Eligible Loan Products:</p> <ul style="list-style-type: none"> • 30 and 15 Year Fixed Rate • The maximum CLTV is capped at the maximum LTV (max LTV – max CLTV) • The appraiser must complete the <u>High Dollar Residential Appraisal Addendum</u>

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<p>Identity-of-Interest Transactions</p>	<p>An Identity-of-Interest transaction is a sale between parties with an existing business relationship or between family members.</p> <ul style="list-style-type: none"> • The maximum LTV percentage for Identity-of-Interest transactions on purchase transactions is limited to 85%. • The maximum LTV percentage for a transaction where a tenant-landlord relationship exists at the time of sales contract execution is restricted to 85%. <p>The 85% LTV restriction may be exceeded if the borrower purchases as their principal residence:</p> <ul style="list-style-type: none"> • The principal residence of another family member; or • A property owned by a family member where the borrower has been a tenant for at least six months immediately predating the sales contract. • 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 <p>The current tenant purchases the property where the tenant has rented the property for at least six months immediately predating the sales contract.</p>
<p>Ineligible Programs</p>	<p>The following programs are not eligible:</p> <ul style="list-style-type: none"> • 203(h) Disaster Victims • 203(k) Rehabilitation Program • 235 Refinance of Borrowers in Negative Equity Positions • 247 Hawaiian Homelands • 248 Indian Lands • 257 & HUD 184A Hawaiian Homelands • \$100 Down Program • Back to Work, Extenuating Circumstances Program • Building on Own Land • Energy Efficient Mortgage Program (EEM) • FHA Assumption Program • Good Neighbor/Officer Next Door • Graduated Payment Program • Growing Equity Mortgages • Housing Authority Subsidies • HUD REO Program • Loans to Non-Profit Organizations • Short Refinances
<p>Ineligible Properties</p>	<p>The following property types are not eligible:</p> <ul style="list-style-type: none"> • Assisted Living Properties • Bed and Breakfast Establishments • Boarding Houses • Commercial Properties • Condotels, Motels or Hotels • Co-ops • Fraternity or Sorority Houses • Hawaii Properties in Lava Zones 1 and 2 • Houseboats • Log or Dome Homes • Mobile Homes • Native American Indian Trust Lands • Newly Constructed Manufactured Homes • Newly Constructed Properties Located in Military Airfield Accident Prone Zone 1 • Private Clubs • Properties with Condition/Quality Ratings of C5, C6, or Q6 • Properties Contaminated by Methamphetamine Production or Use • Properties with More than One Accessory Dwelling • Properties Located within 75 Feet of an Operating/Proposed Gas or Oil Well • Properties Located within 10 Feet of a Pipeline Easement or High Pressure Gas Line • Properties Located within 300 Feet of Above/Below Ground Stationary Storage Tanks

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	<p>Containing more than 1000 Gallons of Explosive/Flammable Fuel (Includes Gas Stations)</p> <ul style="list-style-type: none"> • Properties Located in Coastal Barrier Resources Systems (CBRS) • Properties that do not meet FHA MPR/MPS. • Timeshares • Vacation Homes • Working Farms and Ranches
Land Trusts	Not Eligible
Leasehold	Not Eligible
Loan Limits	<p>FHA Mortgage Limits</p> <ul style="list-style-type: none"> • https://entp.hud.gov/idapp/html/hicostlook.cfm
Manual Underwriting	Not Eligible
Manufactured Homes	Not Eligible
Marijuana Related Business/Employment	Income from Marijuana related business or employment is ineligible for qualifying purposes
Mixed Use Properties	Not Eligible
Non-Occupant Co-Borrower	<ul style="list-style-type: none"> • 75% Maximum LTV on 1-4 units unless the non-occupant co-borrower is a family member as defined by FHA • Rental income may not be used to qualify • Not allowed for qualifying purposes on cash-out refinance transactions • The non-occupant co-borrower must take title to the property and sign the note and deed of trust/mortgage • The non-occupant co-borrower must have a principal residence in the United States or be a U.S. citizen
Non-Traditional Credit	Not Eligible
PACE (HERO) Programs	Not Eligible
Power of Attorney	<p>Must meet FHA requirements. Powers of Attorney may not be used for the following transaction types:</p> <ul style="list-style-type: none"> • Cash-Out Refinance • Identity-of-Interest Transactions • Non-Occupant Co-Borrowers • Title in Trust
Refinance Seasoning Requirements	<p>Cash-Out Refinances must meet the following seasoning requirements:</p> <ul style="list-style-type: none"> • The property securing the cash-out refinance must have been owned and occupied by the borrower as their principal residence for the 12 months prior to the date of the case number assignment. <ul style="list-style-type: none"> ▪ For a streamline refinance or a cash-out refinance, the borrower must have made at least six consecutive monthly payments on the loan being refinanced beginning with the payment made on the first payment due date; and <p>The first payment due date of the new loan must occur no earlier than 210 days after the first payment due date of the loan being refinanced.</p>
Refinance Value Requirements	<p>For properties acquired by the borrower within 12 months of the case number assignment date the appraised value is the lesser of:</p> <ul style="list-style-type: none"> • The borrower's purchase price plus any documented improvements made after the purchase; or • The appraised value. <p>Properties acquired by the borrower within 12 months of the case number assignment by inheritance or through a gift from a family member may use the appraised value.</p>

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<p>Rental Income from a Departure Residence</p>	<p>If rental income is being derived 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. Obtain the following documentation:</p> <ul style="list-style-type: none"> • A lease agreement of at least one year's duration after the loan closing date; • Evidence of the tenant's payment to the borrower of the security deposit and/or the first month's rent; and <p>An appraisal evidencing market rent and that the borrower has at least <u>25% equity in the departure property.</u></p>
<p>Sales Contracts</p>	<p>Assigned sales contracts are not allowed.</p> <p>Re-negotiated purchase agreements that increase the sales price after the original appraisal has been completed are not acceptable if:</p> <ul style="list-style-type: none"> • The appraised value is higher than the contracted sales price provided to the appraiser; and • The new purchase agreement and/or addendum used to modify the sales price is dated after the appraisal is received; and • The only change to the purchase agreement is an increase in the sales price. <p>If the sales price is re-negotiated subsequent to the completion of the appraisal, the loan-to-value will be based on the lower of the original purchase price or the appraised value unless:</p> <ul style="list-style-type: none"> • Re-negotiation of only seller paid closing costs and/or pre-pays when seller paid closing costs/pre-pays are common and customary for the market and supported by the comparables. These seller-paid closing costs and/or pre-pays cannot exceed the allowable FHA guidelines; or • A re-negotiated purchase agreement is obtained due to improvements that have been made that impact the tangible value of the property. In the event of such changes, an updated appraisal must be obtained to verify the value of the modifications/changes.
<p>Section 8 Vouchers</p>	<p>Section 8 Homeownership Vouchers are an acceptable source of qualifying income. The monthly subsidy must be treated as income in determining the borrower's qualifying ratios and may not be used to offset the mortgage payment.</p>
<p>State Restrictions</p>	<ul style="list-style-type: none"> • 2-4 units not allowed in New Jersey • Cash out refinances not allowed in Texas
<p>Streamline Refinance</p>	<p>Eligible Occupancy:</p> <ul style="list-style-type: none"> • Principal Residence <p>Eligible Property Types:</p> <ul style="list-style-type: none"> • 1-4 Family Detached • PUDS • Condominiums on FHA's HRAP list <p>Ineligible Property Types:</p> <ul style="list-style-type: none"> • Co-ops • Manufactured Homes • 2-4 Units properties located in the state of New Jersey <p>Minimum Loan Score:</p> <ul style="list-style-type: none"> • 640 for loans currently serviced by Wells Fargo • 680 for loans that are not currently serviced by Wells Fargo <p>CLTV:</p> <ul style="list-style-type: none"> • 125%
<p>Suspicious Activity</p>	<p>Red Flags</p> <ul style="list-style-type: none"> • A review for patterns of unusual payments, deposits and/or gift funds ,regardless of when they were provided to the borrower, that can be indicative of structuring to avoid compliance with laws and regulatory reporting requirements of the United States or foreign countries is required. • Unusual patterns can include, but are not limited to: <ul style="list-style-type: none"> ▪ Large cash deposits;

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	<ul style="list-style-type: none"> ▪ Large and numerous gifts; and ▪ Any other unexplained activity not typical for the borrower. • Transactions which include any of the following characteristics should be given additional scrutiny as part of the underwriting, closing and qualify control functions: <ul style="list-style-type: none"> ▪ A borrower receives multiple gifts of similar amounts wired from outside the U.S.; ▪ A borrower receives gift funds in the form of a wire transfer from an individual with no ties to the borrower or to the transaction; ▪ A borrower receives a wire from a business not associated with the transaction and it is explained as payment for services rendered or products provided; ▪ A borrower receives large deposits listed as tuition expenses comingled with funds for down payment from the same account; or ▪ A borrower receives gift funds from a donor that transferred the funds through multiple financial institutions, prior to deposit in the borrower's account.
Tax Returns	<ul style="list-style-type: none"> • Amended tax returns that increase the borrower's income – Not Allowed • 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
Temporary Buy Downs	Not Eligible
Texas Refinance	Texas 50(a)(6) transactions are ineligible
Third Party Originations (TPO)	Loans with lender-paid broker compensation where the broker charges third-party processing fees as a separate fee paid by the borrower, property seller, or a third party are not eligible.
Three and Four Unit Properties	<ul style="list-style-type: none"> • Three months' PITIA reserves required from borrower's own funds. Reserves may not be from a gift. • Three and four unit properties must be self-sufficient. <ul style="list-style-type: none"> ▪ Net self-sufficient rental income is the rental income produced by the subject property over and above the PITIA. ▪ 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. <p>The PITIA divided by the monthly net self-sufficiency rental income may not exceed 100%.</p>
Verification of Employment/Verification of Deposit/Verification of Mortgage/Rent	<ul style="list-style-type: none"> • 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"> ▪ At a minimum paystubs and bank statements are required. • 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. <p>Copies of the borrower's most recent, consecutive 12 months cancelled checks will be required.</p>
Water Purification Systems	<p>Properties that utilize an individual water purification system are not eligible.</p> <ul style="list-style-type: none"> • An individual water purification system is a system that is needed to make the water safe and meet code when the individual water supply is unsafe for human consumption. This is NOT a system that is installed to improve the taste or softness of the water.