

FHA Program Matrix

Updated 7/30/24

All loans must meet [HUD guidelines](#) and [SNMC Policies & Procedures](#)

Program Information

Program Codes & Closing Plan ID

Program Codes & Closing Plan ID	Product Code	Product Description	Closing Plan ID	Doc Plan Code
	Standard FHA			
	F-F30	30 Year Fixed	00000094	
	F-F30LC	30 Year Fixed FICO <640	00000094	
	F-F30HB	30 Year Fixed High Balance	00000094	
	F-F30HBLC	30 Year Fixed High Balance FICO <640	00000094	
	F-F25	25 Year Fixed	00000094	
	F-F20	20 Year Fixed	00000094	
	F-F15	15 Year Fixed	00000094	
	F-F15LC	15 Year Fixed FICO <640	00000094	
	F-F15HBLC	15 Year Fixed High Balance FICO <640	00000094	
	F-A5T	5/1 ARM	00000097	
	F-A5THB	5/1 ARM High Balance	00000097	
	F-F30BD	30 Year Fixed Temporary Buydown	00000094	C.SN.BUYDOWN.FHA
	F-F30HBBD	30 Year Fixed High Balance Temporary Buydown	00000094	C.SN.BUYDOWN.FHA
	F-F30LCBD	30 Year Fixed FICO <640 Temporary Buydown	00000094	C.SN.BUYDOWN.FHA
	F-F30HLCBD	30 Year Fixed High Balance FICO <640 Temporary Buydown	00000094	C.SN.BUYDOWN.FHA
	F-F30H	203(h) Disaster Relief 30 Year Fixed	00000094	
	F-F30K-45	203(k) Rehabilitation Mortgage	10120054	
	F-F30HBK-45	203(k) High Balance Rehabilitation Mortgage	10120055	
	F-F30KS-45	Limited 203(k) Rehabilitation Mortgage	10120054	
	F-F30HBKS-45	Limited 203(k) High Balance Rehabilitation Mortgage	10120055	
Streamline Refinances				
	F-F30S	30 Year Fixed Streamline Refinance	00000094	
	F-F30SLC	30 Year Fixed Streamline Refinance FICO <640	00000094	
	F-F30HBS	30 Year Fixed High Balance Streamline Refinance	00000094	
	F-F30HBSLC	30 Year Fixed High Balance Streamline Refinance FICO <640	00000094	
	F-F25S	25 Year Fixed Streamline Refinance	00000094	
	F-F20S	20 Year Fixed Streamline Refinance	00000094	
	F-F15S	15 Year Fixed Streamline Refinance	00000094	
	F-F15SLC	15 Year Fixed Streamline Refinance FICO <640	00000094	
	F-F15HBSLC	15 Year Fixed High Balance Streamline Refinance FICO <640	00000094	
	F-A5THBS	5/1 ARM High Balance Streamline Refinance	00000097	

Program Information

Approved Programs	Eligible Programs
	<ul style="list-style-type: none"> ▪ 203(b) ▪ \$100 Down HUD Repo Program ▪ Good Neighbor Next Door ▪ Temporary Rate Buydowns ▪ 203(h) Disaster Relief ▪ 203(k) Rehabilitation Mortgages

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	<p>Ineligible Programs</p> <ul style="list-style-type: none"> ▪ Energy Efficient Mortgages (EEM) ▪ Section 184 Indian Reservation Mortgages ▪ Graduated Payment Mortgages (GPM) ▪ Growing Equity Mortgages (GEM) ▪ Texas Section 50(a)(6) ▪ PACE Clean Energy Loans ▪ HUD 184 or 248 (Indian Lands) ▪ 223(e) Economic Life Loans ▪ Solar Leases Paid via Property Tax ▪ FHA Solar and Wind ▪ Hope for Homeowners Programs ▪ FHA Military Impact Loans ▪ Construction to Permanent
<p>ARM Guidelines</p>	<p>5/1 ARM</p> <ul style="list-style-type: none"> ▪ Product Code F-A5T ▪ DU ARM Plan FHA HYBRID ▪ Margin 2.00% ▪ Caps 1/1/5 ▪ Temporary Buydowns not allowed ▪ 30-year term only ▪ Qualifying rate: Note rate
<p>Training / Logins</p>	<p>Login Credentials (DE Underwriters only): To obtain login credentials for FHA Connection, submit a ticket through the Employee Service Desk.</p>

Program Information – 203(h) Disaster Relief

<p>Program Eligibility</p>	<p>Credit</p> <ul style="list-style-type: none"> ▪ Minimum 640 FICO for manually underwritten loans. ▪ Minimum of 3 open tradelines used within the past 12 months. ▪ Minimum 12-month housing history (mortgage or rent) without any late payments for all mortgage and rent payments. <p>Income</p> <p>Tax transcripts required.</p> <p>Loan Purpose/Transaction Type</p> <p>For 203(h) Disaster Loan transactions: Purchases only.</p> <p>Underwriting</p> <p>Manual underwriting requirements:</p> <ul style="list-style-type: none"> ▪ 2 months reserves required (gift funds not allowed) ▪ Minimum 640 FICO ▪ Maximum DTI of 31/43% on occupant borrower only ▪ Maximum 43% DTI for high balance
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Program Information – 203(k) Rehabilitation Mortgages and Limited (Streamlined) 203(k)

<p>Program Eligibility</p>	<ul style="list-style-type: none"> ▪ SNMC is Non-Delegated for this program. Loan must be reviewed by an approved Underwriter prior to being sent to the investor for Underwriting. ▪ Approval from Regional Manager required. ▪ Loans may be originated normally, but the rest of the transaction must be completed by an approved Processor, Underwriter, and Closer.
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- Underwriter will need to obtain login credentials by submitting a ticket through the [Employee Service Desk](#).
- Loans must be run through DO (not DU).
- Cannot be used for swimming pools.
- All work must be completed by a contractor. "Self-help" (borrower completed work) is not allowed.
- Follow the [Renovation Loans Job Aid](#).
 - The Contractor Validation should be submitted as early in the process as possible.
- See the [203\(k\) Rehabilitation Mortgage Insurance Program Types](#) and [Rehabilitation Loan Programs Comparison Fact Sheet](#).

Approved Processors

- East Coast:
 - Catherine Treloar
- Lonestar:
 - Alicia Speas
- Mid-West
 - Kristen Huffman
 - Mandy McLachlan
 - Michelle Pucko
- Mountain West:
 - Kim Hall
- Salt Lake
 - Jenna Dobson
 - Karla Allan
 - Shannon Davis
 - Sheri Fuller
- Summit:
 - Laurene Milner

Approved Underwriters

Underwriter must add a condition for a pre-close review by Planet. This must be completed prior to final approval.

- East Coast:
 - Lisa Casanova
- Lonestar
 - Erin Kane
- Mid-West
 - Keria Blakes-Nelson
- Mountain West:
 - Gloria Walker
 - Suzi Pino
- Salt Lake:
 - Keely Thurston
 - Terry Parra
 - Tim Vigneaux
- Summit:
 - Juanita Pacheco
 - Thea Eisenklam
- Policy can provide second reviews as needed.

Appraisals

Flip Transactions: Mortgage must be based on the lowest sales price in the previous year. As-is appraisal is required.

Compliance

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The following fees must be disclosed accurately:

- Permit Fees (Permits as required): Disclosed in Section B, not shoppable.
- HUD Consultant Fee (Fee set by HUD based on the entire repair amount): Disclosed in Section B/C dependent upon if allowed to shop on SSPL.
- Draw Inspection Fee (Amount determined by consultant): Disclosed in Section B, not shoppable.
- Architectural & Engineering Fee (Fee to architect or Engineer for plot, plans, drawings or inspection): Disclosed in Section B/C, dependent upon if allowed to shop on SSPL.
- Title Update Fee (Fee is \$150 per draw): Disclosed in Section B/C, dependent upon if allowed to shop on SSPL.
- 203(k) Supplemental Origination Fee (1.5% x the repair amount or \$350 whichever is greater of the two): Disclosed in Section A.
- Final Inspections (2 X \$150 or current cost of a final inspection if greater for area): Section B, not shoppable.
- Administration Fee \$990: Disclosed in Section A.
 - For properties in New Jersey and North Carolina: Application Fee \$990
 - For properties in Iowa: Commitment Fee \$990
- Texas Properties ONLY: Attorney Fee (\$325, which includes one Mechanic's lien. \$150 for each additional Mechanic's lien. If there are multiple contractors then multiple mechanic's liens will be required): Disclosed in Section B, not shoppable. Must go to Polunsky, Beitel & Green for Attorney Review.

Credit

Mortgage/Rental History: Max 1x30 in last 12 months on purchase or rate/term refinance allowed at underwriter discretion for extenuating circumstances.

Geographic Restrictions

Texas Loans require an Attorney to prepare the closing documents. The Attorney should be knowledgeable in Texas Law regarding renovation lending and provide the following documents in the closing package:

- Mechanic's Lien Contract and Transfer of Lien – must include verbiage to create the Mechanic's Lien and assignment to the Lender. Amount of renovation must match final contractor estimate.
- Rehabilitation Rider with Renewal and Extension language
- Contractor Affidavit of Compliance with Texas Law
- Rehabilitation Loan Agreement
- Non-Commencement Affidavit

Non-Arm's Length/Identity of Interest

Identity of interest: Permitted on sales transactions between family members only.

Occupancy

Investment properties not eligible.

Property

Manufactured Homes: Properties located in a 100-year Flood Zone must evidence a FEMA National Flood Insurance Program (NFIP) Elevation Certificate (FEMA Form 086-0-33), that documents that the lowest floor (including the basement) of the residential building and all related improvements/equipment essential to the value of the Property, is built at or above the 100-year flood elevation in compliance with the NFIP criteria.

Subordinate Financing

Subordinate financing: Maximum 110% CLTV allowed for all subordinate financing transactions. No CLTV requirement when the subordinate financing is provided by government entities, HOPE, or HUD approved nonprofits.

Limited (Streamline) 203(k)

All requirements for 203(k), and Maximum 110% CLTV allowed on all subordinate financing transactions.

Underwriting

- Loan must meet all of investor's requirements.
- Loan must be run through DO (not DU).
- The Contractor Validation must be completed prior to sending the file to the investor. See the [Renovation Loans Job Aid](#) for details.
- The credit package along with an as completed appraisal must be submitted as "Prior Approval".
- The 203(k) Calculator must be completed in FHA Connection and included in the credit package.
- All renovation disbursements must be handled by the investor.

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	<ul style="list-style-type: none"> ▪ Planet must complete a pre-close review prior to final approval. Submit using the Planet Renovation Lending Pre-Close Review Request form.
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Program Guidelines

Appraisals

Appraisals	Condition ratings of C5 and C6 and Quality ratings of Q6 are ineligible unless cured prior to closing.
Property Flips/Rapid Appreciation	Reminder: Flipping regulations do not apply to newly constructed homes being sold by the builder.

Credit

Credit	<p>CAIVRS All borrower(s) must have a clear CAIVRS.</p> <p>FICO/Credit Score</p> <ul style="list-style-type: none"> ▪ All borrowers must have at least one valid FICO score. If any borrowers do not have a valid credit score, see <i>Credit/No Credit</i> below. ▪ All borrowers must meet the applicable minimum FICO requirements: <ul style="list-style-type: none"> ○ FHA Standard: 580 ○ Manually Underwritten loans: 580 <ul style="list-style-type: none"> ▪ Manually underwritten 203(h) Disaster Relief: 640 ○ High Balance: 620 ○ ARMs: 620 ○ HUD REO and Good Neighbor Next Door Programs: 640 ○ Streamline Refinances: 580 <p>Streamline Refinances For streamline refinances, a mortgage only report with FICOs is required.</p> <p>Credit/No Credit</p> <ul style="list-style-type: none"> ▪ All borrowers must have a valid Social Security Number. ITINs not permitted. ▪ At least one occupying borrower must have a valid credit score. ▪ Non-traditional Credit must be established per FHA guideline requirements for any borrower with no score. ▪ These loans must be manually priced with the Lock Desk. <p>Approved Programs</p> <ul style="list-style-type: none"> ▪ 203(b) ▪ Temporary Rate Buydowns: 2-1, 1-1, or 1-0 <p>Borrower Eligibility Foreign Nationals or individuals with diplomatic immunity are not eligible.</p> <p>Income</p> <ul style="list-style-type: none"> ▪ A Manually verified VOE in lieu of paystubs is not acceptable. ▪ 1040 transcripts are required for the following income types: <ul style="list-style-type: none"> ○ Self-employed ○ Rental income documented on Schedule E ○ Employed by family ○ Handwritten paystubs are used as verification of income ○ When tax returns are utilized to determine qualifying income, in lieu of alternative documentation options when available ○ Loans with a prior Mortgage Credit Reject by a Lender for DTI or income concerns
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	<ul style="list-style-type: none"> ▪ If the employer does not provide a computer-generated or typed paystub, the most recent years' income tax returns or tax transcripts are required with a written verification of employment completed in its entirety ▪ Amended tax returns filed prior to application date: need original and amended return. If it was amended 60 days or less prior to application, evidence of payment must also be provided ▪ Amended tax returns after application date: examine original and amended return for consistency with the previous filings to determine whether the use of the amended return is warranted. UW must provide justification and commentary regarding its use. Also need: <ul style="list-style-type: none"> ○ LOE for reason for the re-file: ○ Evidence of filing; and ○ Payment and the ability to pay the tax if the check has not cancelled. <p>Property</p> <ul style="list-style-type: none"> ▪ Self-built homes and borrower acting as own contractor not eligible ▪ PACE obligations or PACE-like assessments are not eligible.
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Geographic Restrictions

Geographic Restrictions	<p>The following are ineligible for financing:</p> <ul style="list-style-type: none"> ▪ Properties in the state of New York ▪ Properties located in any US Territories or US possessions ▪ Properties in Hawaii lava zones 1 and 2 ▪ Properties located in the Territories of American Samoa, Guam, Northern Mariana Islands, Puerto Rico and the Virgin Islands
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Income

4506-C	<ul style="list-style-type: none"> ▪ IRS tax transcripts are required: <ul style="list-style-type: none"> ○ When tax returns are required in the file for any reason, provide the same # of years as is required in the loan file. ○ When using non-taxable income grossed up to qualify, provide the most recent (1) one year. ○ For all 203(h) Disaster Relief transactions.
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Loan Amount

Loan Amount	<p>Minimum Loan Amount \$50,000</p> <p>Maximum Loan Amount The loan amount may never exceed the geographical statutory limits except by the amount of any new UFMIP, unless the loan is a streamline without an appraisal.</p>
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Loan Purpose/Transaction Type

Purchases	<p>Assignment of the Purchase Contract</p> <p>If a Purchase contract has been signed by a buyer, that buyer cannot assign the contract to new party/buyer. Transactions with purchase contracts that have been assigned to another buyer are not eligible. A new contract must be executed between the seller and the new buyer.</p>
Refinances (General)	<ul style="list-style-type: none"> ▪ For all refinances, the file must include the payoff statements and calculations used to calculate the loan amount. ▪ At least one Borrower on the refinancing Mortgage must hold title to the Property being refinanced prior to case number assignment. ▪ High Balance loans: <ul style="list-style-type: none"> ○ Max CLTV: 100%; ○ Fixed Rate only; ○ Cash-Out Refinances may have no history of foreclosure in the last 7 years. ▪ DE Underwriter must complete the appropriate worksheet for the refinance types and add a funding condition for expiration of loan amount calculation, usually month end.
Rate/Term Refinances	<p>FHA Rate/Term Refinances may never include pay off of property taxes that are 60 or more days delinquent and incidental cash back may not exceed \$500.</p> <p>Rate/Term Refinance Types</p> <ul style="list-style-type: none"> ▪ No Cash-Out Refinance: FHA No Cash Out Rate and Term Refinance Worksheet ▪ Simple Refinance: FHA No Cash Out Simple Refinance Worksheet

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	<ul style="list-style-type: none"> ▪ Streamline Refinance: FHA No Cash Out Streamline Refinance Worksheet <ul style="list-style-type: none"> ○ New Subordinate financing is not allowed. ○ Value used for streamline refinances is the original value. This value may be found on the Refinance Authorization portion of the Case Number Assignment.
Streamline Refinances	<ul style="list-style-type: none"> ▪ A mortgage only credit report with FICOs is required. ▪ In addition to the Seasoning requirements in Refinances (General), on the date of the FHA Case Number Assignment: <ul style="list-style-type: none"> ○ The Borrower must have made at least six consecutive monthly payments on the FHA insured Mortgage that is being refinanced, and ○ At least six full months must have passed since the first payment due date of the Mortgage that is being refinanced, and ○ At least 210 Days must have passed from the Closing Date of the Mortgage that is being refinanced, and ○ If the Borrower assumed the Mortgage that is being refinanced, they must have made six payments since the time of assumption. ○ Seasoning will be based on the note modification date for loans being paid off that included a loan modification. <p>Seasoning</p> <ul style="list-style-type: none"> ▪ The Note date of the refinance loan must be on or after the later of: <ul style="list-style-type: none"> ○ The date on which the borrower has made at least six consecutive monthly payments on the loan being refinanced; and ○ The date that is 210 days after the first payment due date of the loan being refinanced. ▪ Evidence of loan seasoning can be documented with one of the following: <ul style="list-style-type: none"> ○ A payment history/ledger documenting all payments, or ○ A credit bureau supplement that clearly identifies all payments made in that timeframe.
Cash-Out Refinances (Including Debt Consolidation)	<ul style="list-style-type: none"> ▪ FHA Cash -Out Refinance Worksheet required. ▪ High Balance loan amounts may not have a foreclosure in the previous 7 years. ▪ Borrower must have owned and occupied the subject property as their primary residence for at least 12 months prior to the Case Number assignment date. <p>Seasoning</p> <ul style="list-style-type: none"> ▪ The Note date of the refinance loan must be on or after the later of: <ul style="list-style-type: none"> ○ The date on which the borrower has made at least six consecutive monthly payments on the loan being refinanced; and ○ The date that is 210 days after the first payment due date of the loan being refinanced. ▪ Evidence of loan seasoning can be documented with one of the following: <ul style="list-style-type: none"> ○ A payment history/ledger documenting all payments, or ○ A credit bureau supplement that clearly identifies all payments made in that timeframe.
Ineligible Transactions	<p>Ineligible Refinances</p> <ul style="list-style-type: none"> ▪ Refinance loans made to borrower(s) and none are on title prior to FHA case # assignment ▪ Temporary buydowns ▪ Negative equity positions (short refinance / short payoff) and rehabilitation and repair refinance transactions. ▪ Texas Section 50(a)(6) cash out refinances. A refinance transaction is a cash-out when the borrower is receiving any cash back on their primary homestead residence. This includes paying off delinquent taxes including those < 60 days delinquent, unseasoned liens, non-mortgage liens, and loans with any incidental cash back. ▪ Texas Rate and Term Refinances that include the payoff of a home improvement 2nd mortgage.

Mortgage Insurance

Mortgage Insurance	For UFMIP and Annual MIP rates, access the current HUD Handbook 4000.1 . Then, navigate to Appendix 1.0.
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Property

Property Types	<p>Eligible</p> <ul style="list-style-type: none"> ▪ 1-4 Unit <ul style="list-style-type: none"> ○ Loans with a non-occupying co borrower are limited to 1 Unit properties when LTV exceeds 75%. ○ 3-4 unit properties must meet the self-sufficiency test. The FHA 3-4 Unit Self-Sufficiency Worksheet is required. ▪ PUD ▪ Manufactured Homes ▪ HUD-approved condominium projects. See Property – Condominiums/PUDs. ▪ Single-Unit approved condominiums. See Property – Condominiums/PUDs.
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	<ul style="list-style-type: none"> ▪ Detached Condominiums <p>Ineligible</p> <ul style="list-style-type: none"> ▪ Co-op properties ▪ Tribal lands and Indian reservations ▪ Homes having any current prior exposure to methamphetamines or sinkholes ▪ Tax-sheltered syndications ▪ Properties that require purification systems in order for the water to be safe and potable ▪ Unique properties
Leasehold Properties	<ul style="list-style-type: none"> ▪ Manufactured homes and loans with Temporary Rate Buydown are not eligible. ▪ If the leasehold is subject to renegotiations the loan is not eligible. ▪ The leasehold expiration date must be entered in Encompass.
Manufactured Homes	<ul style="list-style-type: none"> ▪ 30-year fixed rate term only. ▪ Manufactured Housing Checklist required. ▪ The Case Number Assignment Screen must contain the appropriate two-digit Program ID Code, as follows: 77 for manufactured home loans NOT processed as construction-to-permanent loans. ▪ Escrow Holdbacks are not allowed. <p>Appraisals</p> <ul style="list-style-type: none"> ▪ The appraisal effective date cannot be before the FHA Case Number Assignment date UNLESS the Underwriter certifies (via the certification field in the Appraisal Logging Screen), that the appraisal was ordered for conventional lending or government-guaranteed loan purposes and was performed by an FHA Roster Appraiser. ▪ The Appraiser may consider a manufactured home to be an Accessory Dwelling Unit (ADU) if it meets the highest and best use and FHA requirements. ▪ The Appraiser may value a manufactured home on the property that physically or legally may not be used as a dwelling and does not pose any health and safety issues by its continued use as a storage unit. ▪ Appraisal Logging: Enter ‘Y’ for yes as MH indicator. <p>Geographic Restrictions</p> <p>Not eligible in the following states:</p> <ul style="list-style-type: none"> ▪ Hawaii ▪ Rhode Island <p>Insurance</p> <p>Title Insurance</p> <p>The title policy must evidence that the following:</p> <ul style="list-style-type: none"> ▪ The manufactured home is attached to the land; ▪ The manufactured home is classified and taxed as real estate; and ▪ The title to the manufactured home has been surrendered or purged in accordance with the applicable jurisdictional requirements. <ul style="list-style-type: none"> ○ For FHA-to-FHA refinance transactions, if there is any indication that the MH has not been properly converted to real estate, the transaction is ineligible if the property is not located in a state approved for MH purchase transactions. ▪ State approaches to titling: <ul style="list-style-type: none"> ○ Certificate of title “surrender” states: Certificate of title issued upon purchase of manufactured home, but is surrendered after the home is affixed to the foundation and becomes real property. <ul style="list-style-type: none"> ▪ Ensure that certificate of title is surrendered following state’s procedures. ○ Certificate of title “no surrender” states: Certificate of title is issued and remains outstanding (it is not surrendered or canceled). <ul style="list-style-type: none"> ▪ Ensure the MH lien (and no other lien) is indicated on the certificate of title. ▪ Retain certificate of title in loan file. ▪ Ensure that home and land have the same ownership. ○ Non-certificate of title states: No certificate of title is issued. <ul style="list-style-type: none"> ▪ Retain in loan file evidence that no certificate of title was issued. ▪ Ensure that MH is recognized as real property.

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- Manufactured home must be covered by standard real estate fee simple title insurance policy.
- Endorsement (ALTA 7, 7.1, or 7.2) or equivalent endorsement is required as insurance that the manufactured home is part of real property that secures the loan.
- One clear title at closing is required that states the manufacture home and land are classified as real estate.
- Affidavit of Affixation, a required recorded signed written statement acknowledging that the manufactured home is attached and classified as real property securing the mortgage.

Loan Purpose/Transaction Type

Refinances

Refinances: Subject must be owned by borrower and as their principal residence for 12 months prior to issuance of FHA case number. Exception for inheritance.

The following states are **only** eligible for FHA-to-FHA refinances:

Alaska	Iowa	Nebraska	New Jersey
Connecticut	Maine	New Hampshire	South Dakota
Idaho	Massachusetts	New Jersey	Vermont

Ineligible Transactions

- Construction to Permanent
- High Balance Loan Amounts
- Temporary Buydowns
- Texas Section 50(a)(6)
- Energy Efficient Mortgages (EEM)
- 203(h) Disaster Relief

Property

Eligible Properties

- Road must be maintained year-round and have all-season access.
- 1-unit SFR only. PUDs are eligible **only** if they are not in a Mobile Home Park.
- Manufactured Homes in a Mobile Home Park must be manually priced, and there cannot be ground rent.

Ineligible Properties

- Leaseholds
- 2-4 Units
- Condominiums
- Manufactured Homes that have been previously installed or occupied at any other site

Underwriting

Manual underwriting/manual downgrade restrictions apply, with the exception of Streamline Refinances. See [Underwriting](#) for requirements.

Single-Wide Manufactured Homes

- Property must be the Borrower's primary residence.
- Loan term cannot exceed remaining economic life.
- Escrow holdbacks are not eligible.
- Land value not to exceed 35% of the total appraised value.
- Loan amount cannot exceed loan limits. High balance transactions are not eligible.
- Age of manufactured home can be no more than 10 years old from date of manufacture to the effective date of appraisal.
- Minimum GLA 400 square feet.
- Condo projects must be FHA approved.
- No ADUs permitted.
- No deed restrictions allowed.
- No community/affordable seconds (does not apply to State Housing).
- AUS approval required. Manual underwriting is not allowed, except for non-credit qualifying Streamline Refinance transactions.
- 2nd signature required from an Underwriter with 2nd Signature Authority is required.

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Property – Condominiums/PUDs

Condominiums	<ul style="list-style-type: none"> ▪ FHA requires FHA Form HUD-9991 to be used with all condominiums. ▪ For Single-Unit Condo Approvals, refer to the FHA Condo Single-Unit Approval job aid. ▪ SNMC will not approve condos under the DELRAP process at this time. FHA approved condo projects can be searched at: https://entp.hud.gov/idapp/html/condlook.cfm. A printout from the web page showing evidence that the project is on the approved list should be included in the file. ▪ HUD's approval of the condominium project must be valid as of Case Number assignment date. ▪ Condominiums with less than 400 square feet of living space are ineligible.
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Subordinate Financing

Subordinate Financing	<ul style="list-style-type: none"> ▪ Allowed except where otherwise prohibited up to maximum CLTV. ▪ New subordinate financing is not allowed on streamline refinances. ▪ PACE liens may not re-subordinate.
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Temporary Buydowns

Temporary Buydowns	<p>Temporary Rate Buydown</p> <ul style="list-style-type: none"> ▪ Buydowns available: 3-2-1, 2-1, 1-1, 1-0. ▪ Fixed rate only. ▪ Must be a purchase of a primary residence. ▪ Qualifying rate: Note rate. ▪ Manufactured homes not eligible. ▪ If reserves are required, they must be calculated using the Note rate. ▪ Buydown funds may be paid by the Lender, Seller, or Builder. They may not be paid by the Borrower or Realtor. Funds paid by the Seller or Builder must be included in the maximum Interested Party Contributions (IPC). ▪ All buydown funds must come from the same source. Split buydowns are not allowed. ▪ Refer to Temporary Buydowns – How to Enter in Encompass Job Aid for accurate input, calculating buydown amount, disclosing, running AUS, and generating the Buydown Agreement. <p>3-2-1 Buydowns 3-2-1 Buydowns cannot be combined with any of the following:</p> <ul style="list-style-type: none"> ▪ Hawaiian Homelands ▪ HUD REO, including Good Neighbor Next Door and HUD \$100 Down programs <p>Ineligible</p> <ul style="list-style-type: none"> ▪ Manufactured Homes ▪ Non-traditional credit ▪ Trusts ▪ ARMs ▪ Refinances ▪ High balance loan amounts ▪ 203(h) Disaster Relief ▪ 203(k) Rehabilitation Mortgages
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Underwriting

Underwriting	<ul style="list-style-type: none"> ▪ All loans except non-credit qualifying streamline refinances must be run through FHA's Total Scorecard via DU or LPA. ▪ When specific FHA compensating factors are required, the DE Underwriter must document them per guidelines and record them on the Loan Underwriting and Transmittal HUD 92900 LT. ▪ For LPA transactions, if any closing costs are not paid by the borrower, the Borrower FHA Closing Cost in the Freddie Mac Quick Entry must be updated to only reflect closing costs that are paid by the borrower. <p>Manual Underwriting</p>
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	<ul style="list-style-type: none"> ○ Allowed with Refer or Accept/Approve downgrade, findings must remain in file. ○ Downgrade reasons are found in HUD Handbook (Section II. Origination through closing, A. Title II, and 4. Underwriting the Borrower using TOTAL scorecard). ○ Non-traditional credit is only permitted for borrowers with no credit score when using Credit/No Credit. ○ Temporary Rate Buydowns are not allowed. ○ Include FHA Manual Underwriting Checklist in file. ○ DTI must meet manual underwriting and compensating factors matrix, for top and bottom ratios, additionally each must be documented per HUD Handbook. ○ When Residual Income is required, the DE Underwriter must complete the FHA Residual Income Calculation Worksheet using the VA Lenders Handbook. Navigate to Ch 4.9 <i>How to Complete VA Form 26-6393 Loan Analysis, scroll to Balance Available for Family Support- Residual Tables</i>. Be sure to use the accurate chart by loan amount and region. <ul style="list-style-type: none"> ▪ Grossed up portions of non-taxable income may not be used when calculating Residual Income. ○ Additional requirements for 203(h) Disaster Relief loans: <ul style="list-style-type: none"> ▪ 2 months reserves required (gift funds not allowed) ▪ Minimum 640 FICO ▪ Maximum DTI of 31/43% on occupant borrower only ▪ Maximum 43% DTI for high balance <p>Manual Underwriting Requirements for Manufactured Homes</p> <ul style="list-style-type: none"> ▪ Maximum loan amount: \$1,000,000. ▪ Minimum FICO: 640. ▪ Max DTI: 50%. ▪ Ineligible: <ul style="list-style-type: none"> ○ Properties in West Virginia or Hawaii ○ New Construction ○ Hobby farms ○ Mixed Use ○ Leasehold ▪ Purchases: <ul style="list-style-type: none"> ○ Max 96.5% LTV/CLTV ○ Housing payment history: 0x30x12 and 2x30x24 <ul style="list-style-type: none"> ▪ When living rent free, the letter must come from the property owner of record ○ 1-month PITIA reserves Manual Downgrade is required with any of the following: <ul style="list-style-type: none"> ▪ 3x30 or 1x60x3- or 1x90, ▪ <3 payments on forbearance, ▪ When there is undisclosed debt not seen by AUS where currently delinquent, ▪ Housing payment history of 1X30X12 or 2X30X24. ▪ Streamline Refinances: Principal balance may not exceed the original loan amount.
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Closing/Funding

Closing Documents	<ul style="list-style-type: none"> ▪ Closer must always hit the “Get MI” button in the Mortgage Insurance Information screen to ensure accurate monthly MI is calculated. ▪ Closer/Funder MUST ensure the borrower is meeting the minimum required investment on the Closing Disclosure. ▪ Closer/Funder must contact the Lock Desk for correct ARM first change date and make sure it is input correctly in the system prior to disclosing the initial CD. ▪ Manufactured Homes: <ul style="list-style-type: none"> ○ Closer will need to make sure they follow the step-by-step instructions located in resources on how to enter the property information to accurately complete the Manufactured Home Rider to the Mortgage. ○ HUD label numbers and serial numbers must match on all documentation in the file (Appraisal, Manufactured Home Rider, Affidavit of Affixation, HUD label photo/HUD Verification Letter). ▪ Temporary Rate Buydown Fees may be seller or builder paid only. Show in CD section H and paid to SNMC “other”. Lender paid and Realtor paid buydown fees not allowed. Reference Temporary Buydowns – How to Enter in Encompass for instructions on generating the Temporary Buydown Agreement. ▪ For all 203(k) loans, all closings must be done by an approved Closer: <ul style="list-style-type: none"> ○ Jenna Dobson ○ Brittney White ○ Val York
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FHA Program Matrix

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Funding	Temporary Rate Buydown: Fees must be withheld from the wire at funding. Executed buydown agreement must be included in the closed loan file.
Interest Credits	Allowed.
Principal Reductions	Allowed.

Resources

Contacts	<ul style="list-style-type: none"> ▪ DE Underwriters are encouraged to contact HUD for clarification of core FHA guidelines when needed. ▪ HUD 1 (800) 225-5342 (800 CALL FHA) ▪ FHA ID: 7635500004
Job Aids	Subordinate Liens – How to Enter in Encompass Gift/Grant Funds – How to Enter in Encompass How To Find FHA Lender ID MIP Refunds – How to Enter for URLA 2020 FHA Case Number – Order Through Encompass FHA Case Numbers – How to Cancel FHA Manual Underwriting Checklist Building on Own Land Worksheet 203(k) Program Lender Fact Sheet Rehabilitation Loan Programs Comparison Fact Sheet
Websites / Links	Single Family Housing Policy Handbook 4000.1 HUD Mortgagee Letters HUDCLIPS SNMC Policies & Procedures

Revisions

7/30/24	<ul style="list-style-type: none"> ▪ Credit > Credit > FICO/Credit Scores: added clarification for minimum score on streamlines ▪ Loan Purpose/Transaction Type > Cash-Out Refinances (Including Debt Consolidation) > Seasoning: removed 203(h) Disaster Loan requirements, as these are only available on purchase transaction ▪ Updated links
6/24/24	Program Information – 203(k) Rehabilitation Mortgages and Limited (Streamlined) 203(k) > Program Eligibility: updated approved processors and approved underwriters
6/17/24	Resources > Contacts: added FHA ID
5/14/24	<ul style="list-style-type: none"> ▪ Program Information – 203(k) Rehabilitation Mortgages and Limited (Streamlined) 203(k) > Program Eligibility > Approved Processors: updated approved processors ▪ Program Information – 203(k) Rehabilitation Mortgages and Limited (Streamlined) 203(k) > Program Eligibility > Approved Underwriters: updated approved underwriters
5/9/24	Program Information - 203(k) Rehabilitation Mortgages and Limited (Streamlined) 203(k) > Program Eligibility > Compliance: changed admin fee to commitment fee for properties in Iowa
5/6/24	Program Information > Approved Programs > Eligible Programs: removed types of temporary rate buydowns. Allowed types are in the Temporary Buydowns section.
4/22/24	Program Information – 203(k) Rehabilitation Mortgages and Limited (Streamlined) 203(k) > Program Eligibility > Compliance: added New Jersey to states where Application Fee must be charged
3/27/24	Program Information – 203(k) Rehabilitation Mortgages and Limited (Streamlined) 203(k) > Program Eligibility: updated links
3/11/24	<ul style="list-style-type: none"> ▪ Loan Purpose/Transaction Type > Refinances (General) > Seasoning (All Refinances): section removed as it only applies to streamlines and cash-out refinances ▪ Loan Purpose/Transaction Type > Streamline Refinances > Seasoning: section added ▪ Loan Purpose/Transaction Type > Cash-Out Refinances (Including Debt Consolidation) > Seasoning: section added
2/21/24	Underwriting > Manual Underwriting: clarified that non-traditional credit is only permitted for borrowers with no credit score when using Credit/No Credit

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2/12/24	Program Information - 203(k) Rehabilitation Mortgages and Limited (Streamlined) 203(k) > Program Eligibility > Approved Processors: updated approved list
1/25/24	<ul style="list-style-type: none"> ▪ Credit > Credit > FICO/Credit Score: added reference to Credit/No Credit section if any borrowers do not have a valid credit score ▪ Credit > Credit > Credit/No Credit: section added for requirements if any borrower does not have a valid credit score
1/12/24	<ul style="list-style-type: none"> ▪ Program Information > Training/Logins: updated link for obtaining credentials for FHA Connection ▪ Program Information - 203(k) Rehabilitation Mortgages and Limited (Streamlined) 203(k) > Program Eligibility: updated several sections to reflect non-delegated <ul style="list-style-type: none"> ○ Added requirements for contractor approval ○ Added instructions for underwriters to obtain credentials ○ Loans must be run through DO (not DU) ○ Additional job aids and forms required have been added ○ Approved Processors & Underwriters updated ○ Removed approved Closers ○ Compliance: updated required fees to be disclosed ○ Underwriting: Loan must be run through DO (not DU)
12/28/23	<ul style="list-style-type: none"> ▪ Credit > Credit > Streamline Refinances: added section for clarity ▪ Loan Purpose/Transaction Type > Streamline Refinance: a mortgage only credit report with FICOs is required
11/22/23	<ul style="list-style-type: none"> ▪ Updated links to worksheets ▪ Property > Manufactured Homes > Loan Purpose/Transaction Type: removed proposed or under construction ▪ Property > Manufactured Homes > Loan Purpose/Transaction Type > Ineligible Transactions: added construction to permanent
11/7/23	Program Information – 203(k) Rehabilitation Mortgages and Limited (Streamlined) 203(k) > Program Eligibility: updated approved processors
10/2/23	<ul style="list-style-type: none"> ▪ Program Information – 203(h) Disaster Relief: section moved to be its own section ▪ Program Information – 203(k) Rehabilitation Mortgages and Limited (Streamlined) 203(k): section moved to be its own section ▪ Program Information – 203(k) Rehabilitation Mortgages and Limited (Streamlined) 203(k): updated approved Processors and Underwriters to their respective regions and Underwriters to condition for the pre-close review from Planet ▪ Program Information – 203(k) Rehabilitation Mortgages and Limited (Streamlined) 203(k) > Compliance: updated to include \$350 Admin Fee or Commitment Fee for the pre-close review ▪ Program Information – 203(k) Rehabilitation Mortgages and Limited (Streamlined) 203(k) > Underwriting: section added
9/29/23	Property > Leasehold Properties: requirements added for clarity
9/27/23	<ul style="list-style-type: none"> ▪ Income > 4506-C: removed requirement for transcripts on loans with a prior Mortgage Credit Reject ▪ Underwriting > Underwriting: removed requirement to complete the Mortgage Credit Reject on declined loans ▪ Resources > Job Aids: removed Mortgage Credit Reject (MCR) Job Aid
9/8/23	Program Information > 302(k) Rehabilitation Mortgages and Limited (Streamlined) 203(k): updated approved Underwriters
8/14/23	Temporary Buydowns > Temporary Buydowns > Temporary Rate Buydown: clarified that all buydown funds must come from the same source and split buydowns are not allowed
8/2/23	Program Information – 203(k) Rehabilitation Mortgages and Limited (Streamlined) 203(k): updated approved processors
6/29/23	<ul style="list-style-type: none"> ▪ Property > Manufactured Homes > Property > Eligible Properties: manufactured homes in a mobile home park must be manually priced, and there cannot be ground rent ▪ Property > Manufactured Homes > Property > Ineligible Properties: removed manufactured homes in a mobile home park
5/15/23	Program Information – 203(k) Rehabilitation Mortgages and Limited (Streamlined) 203(k): updated approved Processors, Underwriters, and Closers
2/24/23	<ul style="list-style-type: none"> ▪ Program Information – 203(k) Rehabilitation Mortgages and Limited (Streamlined) 203(k): updated approved Processors, Underwriter, and Closer ▪ Loan Purpose/Transaction Type > Purchases: assignments of the purchase contract are not eligible ▪ Resources > Job Aids: updated links
2/6/23	<ul style="list-style-type: none"> ▪ Program Information > Approved Programs > Ineligible Programs: added Construction to Permanent ▪ Credit > FICO/Credit Score: removed overlay for minimum FICO for temporary buydowns ▪ Temporary Buydowns: added 3-2-1 buydowns and overlays, and removed FICO overlay for 1-1 Buydowns
1/31/23	Credit > FICO/Credit Score: removed overlay for FICO on manufactured homes

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1/30/23	Program Information – 203(k): Rehabilitation Mortgages and Limited (Streamlined) 203(k): updated Processors for Austin
1/17/23	Property > Manufactured Homes: removed inactive overlays for doublewide
1/9/23	Program Information – 203(k): Rehabilitation Mortgages and Limited (Streamlined) 203(k): updated Processors for Salt Lake
1/5/22	Property > Property Types > Eligible: added link to FHA 3-4 Unit Self-Sufficiency Worksheet
12/27/22	<ul style="list-style-type: none"> ▪ Program Information – 203(k): Rehabilitation Mortgages and Limited (Streamlined) 203(k): updated Processors for East Coast ▪ Underwriting > Underwriting: added requirement for LPA transactions.
12/23/22	Program Information – 203(k): Rehabilitation Mortgages and Limited (Streamlined) 203(k): added approved processors for each region, required fees, and review prior to disclosing
11/30/22	<ul style="list-style-type: none"> ▪ Temporary Buydowns > Temporary Buydowns – removed overlay ▪ Credit > Credit > FICO/Credit Score – removed Temporary Buydowns
11/22/22	<ul style="list-style-type: none"> ▪ Program Information – 203(h) Purchase Transactions Only ▪ Removed Underwriter for 203(k)
11/14/22	<ul style="list-style-type: none"> ▪ Program Information – 203(k) Rehabilitation Mortgages and Limited (Streamlined) 203(k) ▪ Resources > Job Aids – added links to 203(k) Program Lender Fact Sheet and Rehabilitation Loan Programs Comparison Fact Sheet
11/4/22	<ul style="list-style-type: none"> ▪ Credit > Credit > FICO/Credit Score ▪ Temporary Buydowns
10/27/22	Program Information – 203(k) Rehabilitation Mortgages and Limited (Streamlined) 203(k) > Geographic Restrictions
9/15/22	Program Information – 203(k) Rehabilitation Mortgages and Limited (Streamlined) 203(k) > Property
7/15/22	<ul style="list-style-type: none"> ▪ Program Information – 203(k) Rehabilitation Mortgages and Limited (Streamlined) 203(k) ▪ Closing > Closing
7/8/22	Added eligibility and overlay requirements for single-wide manufactured homes.
5/10/22	<ul style="list-style-type: none"> ▪ Added 203(k) product codes ▪ Program Information > Approved Programs ▪ Program Information > 203(h) Disaster Relief ▪ Program Information > 203(k) Rehabilitation Mortgages
4/25/22	Added additional Temporary Buydown options and requirements.
3/10/22	<ul style="list-style-type: none"> ▪ Updated link to FHA Building on Own Land Worksheet ▪ Removed links to job aids for 2009 URLA
2/28/22	Changed ARM margin to 2.00.
2/14/22	Add 203(h) Disaster Relief.
11/1/21	<ul style="list-style-type: none"> ▪ Reduced minimum FICO to 580. ▪ Removed some manual underwriting overlays.
10/13/21	Corrected links.
10/6/21	Reduced minimum FICO for manually underwritten loans to 600 with added overlays.
9/30/21	Clarified that the seasoning requirements for refinances must be consecutive payments, and to use modification dates when applicable.
9/20/21	Clarified that manufactured homes are allowed with manual underwriting with restrictions.