

FHA Product Summary

This document is a product summary; please refer to FHA for complete underwriting guideline requirements

FHA ELIGIBILITY MATRIX					
Units	Transaction Type	Credit Score	LTV	CLTV	DTI
TOTAL Approve/Accept					
1-4 ¹	Purchase	580	96.5%	105%	Per AUS
Refer and Manual Underwrite³					
1-4 ¹	Purchase	580	96.5%	105%	50% ²
¹ 1-unit manufactured homes ² DTI >31/43 requires compensating factors in accordance with FHA guidelines ³ Nontraditional Credit <ul style="list-style-type: none"> Credit Score is not applicable Ratios cannot be greater than 31%/43% 					

Refer and Manual Underwrite ³					
1	Purchase	600	100%	NA	50% ^{1,2}
Fixed Rate only ¹ DTI > 31/43 requires compensating factors in accordance with FHA guidelines ² DTI > 45%: gift funds not permitted ³ Nontraditional Credit <ul style="list-style-type: none"> Credit Score is not applicable Ratios cannot be greater than 31%/43% 					

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1. Loan Terms	<ul style="list-style-type: none">Fixed Rate: 10- to 30-year terms in annual incrementsARMs: 30-year term				
2. Products	FHA Fixed Rate 10 Year	High-Balance FHA Fixed Rate 10 Year			
	FHA Fixed Rate 15 Year	High-Balance FHA Fixed Rate 15 Year			
	FHA Fixed Rate 20 Year	High-Balance FHA Fixed Rate 20 Year			
	FHA Fixed Rate 30 Year	High-Balance FHA Fixed Rate 30 Year			
	FHA 5/1 Hybrid ARM (45 day look-back) 1/1/5 Cap	High-Balance FHA 5/1 Hybrid ARM (45 day look-back) 1/1/5 Cap			
3. Eligible Programs	<ul style="list-style-type: none">203(b) 1-4 Family Home Mortgage Insurance program				
4. ARM Information	Index	One Year Treasury Bill per the Wall Street Journal			
	Margin	2.00%			
	Life Cap	5%			
	Life Floor	The Floor is the Margin			
	Interest Rate Caps	Product	First	Subsequent	Lifetime
		5/1	1%	1%	5%
	Change Date	5/1	The first Change Date is the 61 st payment due date. Subsequent Change Dates are every twelve months thereafter		
	Conversion Option	Not available			
5. Temporary Buydown	Temporary Buydowns must have a loan term of 240 or greater.				
	Permitted for the following:				
	<ul style="list-style-type: none">Fixed Rate				
	Not permitted with the following:				
	<ul style="list-style-type: none">ARMs				
Eligible Buydown Plans					
<ul style="list-style-type: none">1-0: payment will be calculated at 1.00% below the Note rate for payments 1-121-1: payment will be calculated at 1.00% below the Note rate for the first two years					

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	<ul style="list-style-type: none"> • 2-1: payment will be calculated at 2.00% below the Note rate for payments 1-12 and 1.00% below the Note rate for months 13-24 • 3-2-1: payment will be calculated at 3.00% below the Note rate for payments 1-12 and 2.00% below the Note rate for months 13-24 and 1.00% below the note rate for months 25-36 		
6. Net Tangible Benefit (NTB)	<ul style="list-style-type: none"> • CO requires NTB state specific forms for purchase transactions • Refer to Refinances: Net Tangible Benefit Policy & Procedure 		
7. Loan Amount	<ul style="list-style-type: none"> • Base Loan Amount cannot exceed the FHA Statutory Mortgage Limits for each county • Total Loan Amount with financed UFMIP may exceed the maximum statutory loan amounts • Min loan amounts for the FHA High Balance products will be based on the Base Loan Amount and not the Total Loan Amount that includes financed UFMIP • Total Loan Amount must be rounded down to the nearest \$1.00 • Max Base Loan Amount is calculated as the Adjusted Value multiplied by the appropriate LTV factor 		
8. Eligible AUS Decision	<ul style="list-style-type: none"> • Accept • Approve/Eligible • Approve/Ineligible 203(h) when the ineligible is due to the "Minimum FHA Statutory Investment Requirement") <ul style="list-style-type: none"> ○ Manual Underwriting Required 		
9. Ineligible AUS Decisions	<ul style="list-style-type: none"> • Approve/Ineligible <ul style="list-style-type: none"> • See above section 8. Eligible AUS Decision, for 203(h) program allowance • Refer with Caution • Caution 		
10. Manual Underwrite	<ul style="list-style-type: none"> • All loans must be submitted to AUS • If a Refer decision or loan is manually downgraded, manually underwrite in accordance with FHA guidelines • Refer to Chapter 2E of the Underwriting Guide for details on when an approve eligible must be downgraded and manually underwritten. 		
11. Qualifying Rate	Note rate, including temporary buydowns		
12. Qualifying Ratios	Decision	Ratios	Compensating Factors
	AUS Accept	Follow AUS	None
		31/43	<ul style="list-style-type: none"> • No compensating factors required

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	Refer and Manual Underwrite		<ul style="list-style-type: none"> Energy Efficient Homes that exceed IECC standards may qualify for stretch ratios 33/45
		31/43	Borrowers with no credit score may not exceed 31/43 ratios
		37/47	One of the following: <ul style="list-style-type: none"> 3 months PITI for 1-2 units or 6 months PITI for 3-4 units (includes standard reserve requirements) New total mortgage payment not more than \$100 or 5% higher than previous total housing payment, whichever is less, AND 1x30x12 month housing history (cash-out 0x30x12). Must have housing payment history to use as a comp factor Residual income per VA Table of Residual Incomes by Region
		40/40	The borrower has no discretionary debt based on the following: <ul style="list-style-type: none"> The housing payment is the only open account with an outstanding balance that is not paid off monthly The credit report shows established credit lines in the borrower's name open for at least six months The borrow can document that these accounts have been paid off in full monthly for at least the past six months
		40/50	Two of the following: <ul style="list-style-type: none"> 3 months PITI for 1-2 units or 6 months PITI for 3-4 units (includes standard reserve requirements) New total mortgage payment not more than \$100 or 5% higher than previous total housing payment, whichever is less, and 1x30x12 month housing history (cash-out 0x30x12) Significant additional income not considered effective income (must verify and document that the income has been received for at least one year and likely to continue AND if included as income, would reduce the qualifying ratios to not more than 37/470)

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			<ul style="list-style-type: none"> Residual income per VA Table of Residual Incomes by Region
13. Types of Financing	<ul style="list-style-type: none"> Purchase mortgage Single Close Construction to Permanent Financing Building on Own Land (Two-Close) 		
14. Subordinate Financing	<ul style="list-style-type: none"> Permitted 203(h)-Not permitted 		
15. Occupancy	Primary residence		
16. Eligible Property Types	<ul style="list-style-type: none"> 1-4 units 1 unit with an ADU Condos <ul style="list-style-type: none"> Must be unexpired on FHA's approved list Site condos do not require project approval Leasehold estates Manufactured housing Modular homes PUDs 		
17. Ineligible Property Types	<ul style="list-style-type: none"> Condo hotels Co-ops Non-warrantable condos 		
18. State Requirement	See complete FHA guidelines		
19. Eligible Borrowers	<ul style="list-style-type: none"> U.S. citizens Permanent resident alien Non-permanent resident alien- Casefiles must be assigned on or before May 24, 2025. Refer to Non-Permanent Resident for additional requirements. Inter vivos revocable trust: Trust must be reviewed by CW Lend 		
20. Co-Borrower	<ul style="list-style-type: none"> Cannot be the seller, builder, real estate agent, etc., unless the co-borrower is a family member Income, assets, and debts from all borrowers are used in qualifying 		

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21. Non-Occupant Co-Borrower	<ul style="list-style-type: none">• Must be either a U.S. citizen or have a primary residence in the U.S.• Max 75% LTV if<ul style="list-style-type: none">○ Not a family member○ Parent is seller and non-occupant co-borrower• If a family member with an LTV greater than 75% the property must be single family		
22. Credit	<ul style="list-style-type: none">• Nontraditional credit is permitted<ul style="list-style-type: none">○ Qualifying ratios for borrowers with no credit score are calculated using occupying borrower’s income only○ Non-occupant co-borrower income may not be included		
23. Housing Payment History	<ul style="list-style-type: none">• Inclusive of all liens regardless of position• Applies to all mortgages on all financed properties		
	TOTAL Accept	Refer and Manual Underwrite	
	Housing Payment	Housing and Installment Payment	Revolving Payment
	Follow AUS <ul style="list-style-type: none">• The mortgage must be downgraded to a Refer and manually underwritten if any mortgage trade line, including mortgage line-of-credit payments, during the 12 months prior to the case number assignment reflects<ul style="list-style-type: none">○ 3x30; or○ 1x60 plus 1x30; or○ 1x90 or greater○ Fewer than three (3) consecutive payments since completion of a forbearance plan; or	<ul style="list-style-type: none">• 0x30 in most recent 12 months• 2x30 in most recent months 13-24	<ul style="list-style-type: none">• 2x60 or 0x90 in most recent 12 months

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	<ul style="list-style-type: none">○ Undisclosed mortgage debt not on credit report and not considered by AUS, if as of case number assignment date reflect any of the following:<ul style="list-style-type: none">▪ A current delinquency▪ Any delinquency within 12 months of the case number assignment date; or▪ More than two (2) 30-day late payments within 24 months of the case number assignment date		
	Rental payment history is not required	For borrowers living rent-free, the property owner must verify borrower has been living rent free and length of residency	
24. Borrower Contribution	<ul style="list-style-type: none">• Minimum down payment is 3.5% of the sale price or appraised value, whichever is less• The down payment requirement cannot be met by borrower paid closing costs, prepaid expense, commitment fees or discount points or premium pricing		
25. Down Payment Assistance	<ul style="list-style-type: none">• Federal, state, local government agencies, charitable organizations and FHA Approved non-profit agencies considered by FHA to be an instrumentality of the government may provide funds for down payment, closing costs and prepaid expenses• Must be approved by CW Lend		
26. Seller Contributions	6% of the purchase price		
27. Reserves		TOTAL Accept	Refer and Manual Underwrite
	1-2 units	None	1 month PITI
	3-4 units	3 months PITI	3 months PITI
	1 unit subject with ADU	2 months PITI when the ADU rental income is used for qualifying	2 months PITI when the ADU rental income is used for qualifying
	Gifts	Permitted	Not permitted

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28. IRS Form 4506-C	Prior to Underwriting Signed 4506-C for each borrower whose income must be documented with tax returns and used for qualification (self-employment, rental income, etc.) <ul style="list-style-type: none"> • At Closing (all loans) <ul style="list-style-type: none"> ○ 4506-C for each borrower whose income is used to qualify (regardless of income type) must be signed at closing ○ 4506-C for the business tax return transcript(s) must be signed at closing when the business returns are used for qualification
29. Tax Transcripts	For loans underwritten, W-2, or tax transcripts, as applicable, must be obtained when: <ul style="list-style-type: none"> • Handwritten paystubs are used as verification of income • There is a non-arm's length transaction • At the underwriter's discretion
30. Number of Financed Properties	Borrower may own no more than one FHA-insured primary residence <ul style="list-style-type: none"> • For Exceptions: See FHA guidelines
31. Appraisals	A new appraisal completed by an appraiser on the FHA Appraiser Roster
32. Power of Attorney	Permitted. See Operations Guide
33. Principal Curtailment	Principal curtailment eligible due to an excess Premium Pricing Credit
34. Escrow Waivers	Not permitted
35. Mortgage Insurance Premium	Required for all loans: See below Mortgage Insurance Premium Table
36. Resources	Access Mortgagee Letters, National HOC Reference Guide, HOC Letters, Handbooks <ul style="list-style-type: none"> • HOC National Reference Guide • FHA Maximum County Limits • FHA Connection • HUD Forms, Handbook & Mortgagee Letters
37. Ineligible Programs	<ul style="list-style-type: none"> • 203(k) Rehabilitation Mortgage • Good Neighbor Next Door • Graduated Payment Mortgage (GPM) • Growing Equity Mortgage (GEM) • Hope for Homeowners • HFA Programs • HUD REO \$100 Down Program

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- Indian Reservations (Section 248)
- Section 247 Hawaiian Homelands

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38. Mortgage Insurance Premium Table

Mortgages Endorsed on or after March 20, 2023

LTV	Loan Term	Base Loan Amount ≤ \$726,200		Base Loan Amount > \$726,200	
		UFMIP	Monthly	UFMIP	Monthly
> 95% LTV	>15 years	1.75%	55 bps	1.75%	75 bps
≤ 95% LTV			50 bps		70 bps
> 90% LTV	≤ 15 years	1.75%	40 bps	1.75%	65 bps
≤ 90% LTV			15 bps	NA	NA
> 78% & ≤ 90% LTV		NA	NA	1.75%	40 bps
≤ 78% LTV					15 bps

Duration of Annual MIP based upon amortization term and LTV ratio at origination

- LTV ≤ 90%: 11 years
- LTV > 90%: loan term