



FHA Guidelines

Product Description

- FHA Fixed Rate
- 15 and 30 Year Terms
- Fully Amortizing

Product Codes

Product	Product Code	Loan Term
30-Year FRM FHA	603000	30-Years
15-Year FRM FHA	601000	15-Years

Maximum Loan Amounts

Property Type	Lowest Maximum (Floor)	Highest Maximum (Ceiling)
1 Unit	\$271,050	\$417,000
2 Unit	\$347,000	\$533,850
3 Unit	\$419,425	\$645,300
4 Unit	\$521,250	\$801,950

- Maximum county limits can be found at: <https://entp.hud.gov/idapp>

LTV Limits

Purchase Transactions					
Units	Maximum Base LTV	Total LTV including UFMIP	Maximum CLTV w/ Secondary considered*	Maximum CLTV w/ Secondary not considered**	Min FICO
1-4 Units	96.50%	100%	100% (of cost to acquire)	96.50% (of appraised value or sales price)	660
* Maximum CLTV w/ Secondary Financing Government Agency / Non-Profit considered as an instrumentality of government.					
** Maximum CLTV w/ Secondary Financing Government Agency / Non-Profit <u>not</u> considered as an instrumentality of government.					

Rate & Term Refinance					
Units	Maximum Base LTV / Loan Amount	Total LTV including UFMIP	Maximum CLTV (subordination of existing lien)	Maximum CLTV (new second lien)	Min FICO
1-4 Units	97.75%	99.50%	100%	100%	660

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FHA Guidelines (Cont.)

Streamline Refinance w/ Appraisal					
Units	Maximum Base LTV / Loan Amount	Total LTV including UFMIP	Maximum CLTV (subordination of existing lien)	Maximum CLTV (new second lien)	Min FICO
1-4 Units	97.75%	99.50%	100%	N/A	660

Streamline Refinance without Appraisal					
Units	Maximum Base LTV / Loan Amount	Total LTV including UFMIP	Maximum CLTV (subordination of existing lien)	Maximum CLTV (new second lien)	Min FICO
1-4 Units	N/A (new base mortgage cannot exceed the original amount of the loan being refinanced)	N/A	100%	N/A	660

Cash-Out Refinance					
Units	Maximum Base LTV / Loan Amount	Total LTV including UFMIP	Maximum CLTV (subordination of existing lien)	Maximum CLTV (new second lien)	Min FICO
1-4 Units	85%	85%	85%	85%	660

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FHA Guidelines (Cont.)

Mortgage Insurance Premiums	<p>Purchases and Rate / Term and Cash-Out & Streamline Refinances:</p> <ul style="list-style-type: none"> For FHA Case # Assigned on or after 4/18/2011 <table border="1" data-bbox="641 321 1414 711"> <thead> <tr> <th>LTV / Loan Term</th> <th>UFMIP</th> <th>Monthly</th> </tr> </thead> <tbody> <tr> <td>LTV > 95% Term > 15 Years</td> <td>1%</td> <td>1.15%</td> </tr> <tr> <td>LTV ≤ 95% Term > 15 Years</td> <td>1%</td> <td>1.10%</td> </tr> <tr> <td>LTV > 90% Term ≤ 15 Years</td> <td>1%</td> <td>0.50%</td> </tr> <tr> <td>LTV ≤ 90% Term ≤ 15 Years</td> <td>1%</td> <td>0.25%</td> </tr> </tbody> </table> For FHA Case # Assigned on 10/4/2010 until 4/17/2011 <table border="1" data-bbox="641 762 1414 1144"> <thead> <tr> <th>LTV / Loan Term</th> <th>UFMIP</th> <th>Monthly</th> </tr> </thead> <tbody> <tr> <td>LTV > 95% Term > 15 Years</td> <td>1%</td> <td>0.90%</td> </tr> <tr> <td>LTV ≤ 95% Term > 15 Years</td> <td>1%</td> <td>0..85%</td> </tr> <tr> <td>LTV > 90% Term ≤ 15 Years</td> <td>1%</td> <td>0.25%</td> </tr> <tr> <td>LTV ≤ 90% Term ≤ 15 Years</td> <td>1%</td> <td>None</td> </tr> </tbody> </table> <p>***Partial UFMIP financing is not allowed</p>	LTV / Loan Term	UFMIP	Monthly	LTV > 95% Term > 15 Years	1%	1.15%	LTV ≤ 95% Term > 15 Years	1%	1.10%	LTV > 90% Term ≤ 15 Years	1%	0.50%	LTV ≤ 90% Term ≤ 15 Years	1%	0.25%	LTV / Loan Term	UFMIP	Monthly	LTV > 95% Term > 15 Years	1%	0.90%	LTV ≤ 95% Term > 15 Years	1%	0..85%	LTV > 90% Term ≤ 15 Years	1%	0.25%	LTV ≤ 90% Term ≤ 15 Years	1%	None
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Eligible Property Types	<p>Unless otherwise specifically restricted or not permitted by the applicable loan parameters, the following property types are eligible:</p> <ul style="list-style-type: none"> 1-4 Unit Properties Condominiums (must be FHA Approved) Townhomes / PUDs 																														
Occupancy	<p>Owner Occupied Primary Residences Only</p>																														
Transaction Types	<ul style="list-style-type: none"> Purchase Transactions <ul style="list-style-type: none"> Seller must have owned subject property min 90 days, otherwise, subject is not eligible transaction with Interbank. In addition, second FHA appraisal is also required by Interbank if seller has owned subject less than 12 months (Does not include foreclosures or if seller is bank, relocation agency, government agency, FNMA/FHMLC), HUD-owned properties are not eligible transaction Rate / Term or Limited Cash Out Refinance <p><u>Mortgage Amount</u> - The amount is limited to:</p> <ul style="list-style-type: none"> The sum of any unpaid balance of the existing first mortgage, closing costs, points, pre-paid items, and, if applicable, the amount required to satisfy certain subordinate loans used for the original purchase of the 																														

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FHA Guidelines (Cont.)

Transaction Types (Cont.)	<p>property.</p> <ul style="list-style-type: none"> ▪ Any “cash back” to the borrower may not exceed \$500. ○ <u>Subordinated Second Liens</u>: One year seasoning from funding on all junior liens unless lien was used as part of acquisition or for home improvements on the subject property. <ul style="list-style-type: none"> ▪ FHA to FHA Refinances may subordinate existing junior liens with no CLTV restrictions. ○ Streamline Refinance <ul style="list-style-type: none"> ▪ Must include tangible benefit: <ul style="list-style-type: none"> • 5% reduction P&I & MIP from fixed rate to fixed rate; OR • Refinancing from an ARM to fixed rate mortgage ▪ At least 6 months have passed (before FHA Case Number can be assigned) since 1st payment due date and 210 days has elapsed from closing date of mortgage being refinanced. ▪ Streamline Refinance without an appraisal-max new base cannot exceed amount payoff minus UFMIP refund. ▪ Streamline Refinance with an appraisal-max new base cannot exceed: 97.75% appraised value OR amount payoff minus UFMIP plus closing costs and prepaids. • Cash-Out Refinance <ul style="list-style-type: none"> ▪ <u>Mortgage Amount</u>: <ul style="list-style-type: none"> ○ The mortgage amount must be used to pay the current unpaid principal balance of the existing first mortgage; it may be used to pay closing costs, points, pre-paid items, subordinate mortgage liens and additional cash to the borrower. ○ Borrower must have min 6 months current pay history on mortgage being refinanced. ○ <u>Subordinate Liens</u>: No seasoning requirements. ○ <u>Texas Section 50(a)(6) Cash-Out Refinances</u>: are not permitted.
Eligible States	<ul style="list-style-type: none"> • CA • CO • IL • IN • MD • MI • MN • OH • OR • TX • WI
Assumptions	Not Permitted.
Prepayment Penalties	None.

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FHA Guidelines *(Cont.)*

Temporary Buydowns	Temporary Buydowns are not allowed.
Secondary Financing	<p>The borrower may receive secondary financing to cover the entire cash investment requirement from the following sources:</p> <ul style="list-style-type: none"> • Federal, state, and local governmental agencies • FHA Approved Non-Profit agencies that are considered instrumentalities of government • FHA Approved Non-Profit agencies <u>not</u> considered instrumentalities provided the borrower makes a cash down payment of at least 3.5% of the sales price. • Family member (parent, grandparent, or child)
AUS Decisions	<ul style="list-style-type: none"> • DU Approve / Eligible only. • Manual Underwriting limited to non-credit qualifying Streamline Refinances only.
Eligible Borrowers	<ul style="list-style-type: none"> • Maximum 4 borrowers • U.S. Citizens • Permanent Resident Aliens • Non-Permanent Resident Aliens • Inter Vivos Revocable Trust • Illinois Land Trust
Multiple Mortgages to Same Borrower	<ul style="list-style-type: none"> • A borrower may have no more than four financed properties, including the subject property. • Max one FHA loan per borrower at a time, EXCEPT for any of the following: <ul style="list-style-type: none"> • Borrower is relocating • Borrower is increasing family size • Borrower is vacating a jointly owned property (such as divorce) • Borrower is non-occupant co-borrower on existing FHA loan (cannot be primary borrower on existing FHA loan)
Non-Arms Length Transactions	<p>A non-arms length transaction is limited to a maximum LTV of 85%. Maximum financing above 75% is permissible under the following circumstances:</p> <ul style="list-style-type: none"> • A family member purchases another family member's home as a principal residence • An employee of a builder purchases one of the builder's new homes as a principal residence • A current tenant purchases the property he/she has rented for at least 6 months immediately predating the sales contract • A corporation transfers an employee to another location, purchases that employee's home, then sells the home to another employee.
Non-Occupant Co-Borrowers	<ul style="list-style-type: none"> • One unit property if the LTV exceeds 75% • Maximum 75% LTV if co-borrower is unrelated • If a parent is selling to a child, the parent cannot also be the co-borrower unless the new mortgage LTV is 75% or less. • Income, assets, and debts from all borrowers are used in qualifying. • Co-borrower must have a principal residence in the U.S.

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FHA Guidelines (Cont.)

Non-Occupant Co-Borrowers (Cont.)	<ul style="list-style-type: none"> • Co-borrower must take title to the property and sign the Note and Mortgage. • Non-occupant co-borrower may not be an interested party to the sales transaction, such as the property seller, property builder, and real estate broker. 								
Interested Party Contributions	<p>Maximum contributions limit is 6.0%</p>								
Gifts	<ul style="list-style-type: none"> • Gifts must be from relatives, borrower's employer, charitable organization, government agency, or close friend with a clearly established relationship to the borrower. • No portion of the down payment may be donated by interested parties to the transaction including sellers, realtors, brokers, or sales associates. • A fully executed Gift Letter is required. • Evidence and documentation of donor's ability to gift funds is required • Receipt of gift funds by the borrower 								
Appraisal Requirements	<ul style="list-style-type: none"> • Licensed Appraisers on FHA's Roster of Approved Appraisers Only. • A Second Appraisal is required and borrower cannot pay for second appraisal if: <ul style="list-style-type: none"> ○ If seller has owned subject less than 12 months (Does not include foreclosures or if seller is bank, relocation agency, government agency, FNMA/FHMLC) 								
Credit	<ul style="list-style-type: none"> • Minimum credit score is 660 for all FHA loans (including non-borrowing spouse) • No more than 0x30 day or greater mortgage lates allowed in most recent 12 months • Community property states (TX & WI) require credit report from non-borrowing spouse. Obligations to be included in dti for qualifying and middle credit score from non-borrowing spouse must meet min 660 credit score. • Non-traditional credit history not permitted • Any collections individually over \$250 or cumulatively over \$1000 must be paid in full regardless DU findings 								
Bankruptcy / Foreclosure	<table border="1"> <thead> <tr> <th data-bbox="464 1302 799 1339">Topic</th> <th data-bbox="805 1302 1531 1339">Requirements</th> </tr> </thead> <tbody> <tr> <td data-bbox="464 1344 799 1423"> Re-established Credit – Chapter 7 </td> <td data-bbox="805 1344 1531 1423"> <ul style="list-style-type: none"> • Require a minimum 2-year period of re-established credit from the bankruptcy discharge date. </td> </tr> <tr> <td data-bbox="464 1428 799 1650"> Extenuating Circumstances – Chapter 7 </td> <td data-bbox="805 1428 1531 1650"> <ul style="list-style-type: none"> • Require a minimum of 12 months from the bankruptcy discharge date. • Require supporting documentation to verify the extenuating circumstances. • Require supporting documentation that all debts have been paid. </td> </tr> <tr> <td data-bbox="464 1654 799 1898"> Re-established Credit – Chapter 13 </td> <td data-bbox="805 1654 1531 1898"> <ul style="list-style-type: none"> • Require a minimum of 12 months of the payout period has elapsed under the bankruptcy and the payout performance has been satisfactory with required payments made on time. • Borrowers must receive written permission from the counseling agency to enter into the mortgage transaction. </td> </tr> </tbody> </table>	Topic	Requirements	Re-established Credit – Chapter 7	<ul style="list-style-type: none"> • Require a minimum 2-year period of re-established credit from the bankruptcy discharge date. 	Extenuating Circumstances – Chapter 7	<ul style="list-style-type: none"> • Require a minimum of 12 months from the bankruptcy discharge date. • Require supporting documentation to verify the extenuating circumstances. • Require supporting documentation that all debts have been paid. 	Re-established Credit – Chapter 13	<ul style="list-style-type: none"> • Require a minimum of 12 months of the payout period has elapsed under the bankruptcy and the payout performance has been satisfactory with required payments made on time. • Borrowers must receive written permission from the counseling agency to enter into the mortgage transaction.
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FHA Guidelines (Cont.)

Bankruptcy / Foreclosure (Cont.)	Topic	Requirements
	Foreclosure or Deed-in-Lieu	<ul style="list-style-type: none"> Require a minimum of 3 years since the date of the foreclosure completion.
	<p>NOTE: Interbank <u>will not</u> refinance properties currently in foreclosure proceedings.</p>	
Age of Documents	<ul style="list-style-type: none"> 90 days old for standard credit documents at the time of closing (including new construction) Appraisals: 90 days old for existing and new construction properties. Pay stubs: must be within 30-days of signed application. Bank statements: must be within 45 days of signed application. 	
Income / Asset Documentation	<ul style="list-style-type: none"> Income <ul style="list-style-type: none"> VOE (standalone VOE's are not acceptable) Current pay stub covering 1 month period W-2's for prior 2 years Self-employed: 2 years signed tax returns Verbal VOE completed by Broker Verbal VOE completed by Interbank prior to funding Signed 4506T to be executed at application Additional signed 4506T to be executed at closing <p>NOTE: Streamline refinances only require current paystub (income will not be used for qualifying purposes) to evidence currently employed and verbal VOE to be completed by Interbank prior to funding along with standard 4506T executed at application and closing.</p> <ul style="list-style-type: none"> Assets: <ul style="list-style-type: none"> VOD's are not accepted. Bank statements for the most recent consecutive 2 months to support required funds to close / reserves. 	

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