



FHA Fixed-Rate and Adjustable-Rate Mortgage

PRIMARY RESIDENCE – PURCHASE				
Property Type ²	Maximum LTV	Maximum Loan Amount ¹	Minimum Credit Score ⁸	Underwriting Engine & Required Response
1-4 Unit PUD Condo Manufactured Home (double-wide)	96.50%	Varies by County	580	FHA Total Mortgage Scorecard DU – <i>Approve</i> or LPA – <i>Accept</i> <i>Refer</i> responses will be manually underwritten

PRIMARY RESIDENCE – RATE/TERM REFINANCE & SIMPLE REFINANCE ⁷				
Property Type	Maximum LTV	Maximum Loan Amount ³	Minimum Credit Score ⁸	Underwriting Engine & Required Response
1-4 Unit PUD Condo Manufactured Home (double-wide)	97.75%	Varies by County	580	FHA Total Mortgage Scorecard DU – <i>Approve</i> or LPA – <i>Accept</i> <i>Refer</i> responses will be manually underwritten

PRIMARY RESIDENCE – STREAMLINED REFINANCE ⁶				
Refer to <i>FHA Maximum Mortgage Worksheet – Streamline Refinance</i> , Doc. #9347 . Minimum credit score is 580 for 1 to 4-Unit properties.				

PRIMARY RESIDENCE – CASH-OUT REFINANCE				
Property Type	Maximum LTV	Maximum Loan Amount ⁴	Minimum Credit Score ⁸	Underwriting Engine & Required Response
1-4 Unit PUD Condo Manufactured Home (double-wide)	80% ⁵	Varies by County	580	FHA Total Mortgage Scorecard DU – <i>Approve</i> or LPA – <i>Accept</i> <i>Refer</i> responses will be manually underwritten

1. Refer to *FHA Purchase Maximum Mortgage Worksheet*, [Doc. #9328](#) for calculation of maximum purchase loan amount.
2. Purchase transactions with a non-occupant co-borrower secured by 2 to 4-Unit properties are limited to a maximum 75% LTV.
3. Refer to *FHA Rate/Term Refinance Maximum Mortgage Worksheet*, [Doc. #9342](#) for calculation of maximum rate/term refinance loan amount.
4. Refer to *FHA Cash-Out Refinance Maximum Mortgage Worksheet*, [Doc. #9345](#) for calculation of maximum cash-out refinance loan amount.
5. Maximum cash-in-hand: 1 – 4 unit Follow AUS.
6. Second homes and investment properties permitted provided the new loan is not an ARM.
7. All simple refinance loans MUST be registered under one of the FHA Simple Refi products (see *PRODUCTS OFFERED* below) by selecting a Purpose type of “RATE & TERM REFINANCE (FHA TO FHA)” on the system Main Registration page.
8. Refer to Credit Scores section for borrowers with no score.

PROGRAM SUMMARY

The Federal Housing Administration (FHA) provides mortgage insurance on loans made by FHA-approved lenders throughout the U.S. FHA mortgage insurance provides lenders with protection against loss as the result of homeowners defaulting on their mortgage loans. FHA offers both fixed- and adjustable-rate mortgages that accommodate a low down payment from the borrower.

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PRODUCTS OFFERED

FIXED-RATE MORTGAGES

Traditional and jumbo loan amounts are separated into distinct products:

- 10-year
- 15-year
- 20-year
- 25-year
- 30-year

ADJUSTABLE-RATE MORTGAGES

Traditional and jumbo loan amounts are combined into the same product:

- 5/1 CMT

Distinct products are available for standard FHA transactions (most Section 203(b) loans), loans secured by condominium properties (Section 234(c) loans), and Simple Refinance transactions. Simple Refinance transactions **MUST** be registered using a Purpose type of "RATE & TERM REFINANCE (FHA TO FHA)" on the system's Main Registration page.

ELIGIBLE BORROWERS

- U. S. citizens and permanent resident aliens.
- Non-permanent resident aliens may qualify (refer to HUD Handbook 4000.1)
- Non-occupant co-borrowers:
 - Purchase transactions are limited to 75% LTV when secured by 2-unit properties.
 - Not eligible on cash-out refinance transactions.

ELIGIBLE PROPERTY TYPES

203(B) LOANS

- 1 to 4-unit property
- PUD
- Manufactured homes
 - Fixed-rate products only; not available with ARM products.
 - Multiple-width homes only
 - No new construction; only homes already on a permanent foundation and properly converted to and taxed as real property
 - Refer to the [FHA Underwriting Guidelines](#) for additional manufactured home requirements.

234(C) LOANS

- Condominium must either be on the FHA Approved Condo list or
- Receive a Single Unit approval

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INELIGIBLE PROPERTY TYPES

- Manufactured home (single-wide)
- Cooperative
- Working farm, ranch or orchard

LOAN AMOUNTS

MINIMUM LOAN AMOUNT

None

MAXIMUM LOAN AMOUNT

Maximum loan amount varies by county. Refer to the FHA Connection Website to determine the geographic mortgage limits.

SELLER CONTRIBUTIONS

Maximum 6% seller contributions

TEMPORARY BUYDOWNS

- Use the [Temporary Interest Rate Buydown Worksheet](#) to determine the contribution amount attributable to the buydown fee so it can be added to the purchase agreement.
- Seller- or builder-funded buydowns only (buydowns funded by more than one contributor are not eligible).
- Fixed-rate products only.
- Purchase transactions only.
- Borrower qualified at the full note rate.
- For Correspondents who do not use Flagstar's closing documents, we have a fillable [Temporary Buydown Agreement](#) that meets our requirements. We also publish a [job aid](#) to assist in preparing the buydown agreement.

SUBORDINATE FINANCING

Refer to HUD Handbook 4000.1 for details.

CREDIT ALERT INTERACTIVE VOICE RESPONSE SYSTEM (CAIVRS)

All borrowers must be screened using the Credit Alert Interactive Voice Response System (CAIVRS) (except on streamline refinances). FHA will not insure a loan if the borrower is currently delinquent on any unpaid federal debt or has had a claim paid within the previous three years. Prior to accessing CAIVRS you will need each applicant's Social Security Number. CAIVRS must be accessed through [FHA Connection](#). This is a web-based system that requires prior approval through HUD.

QUALIFYING RATE

Note rate

QUALIFYING RATIOS

Refer to the Ratios section of our [FHA Underwriting Guidelines](#).

SUBMISSION DOCUMENTATION

Refer to the *Government Submission Review Checklist*, [Doc. #3205](#) for details.

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FORMS AND DISCLOSURES

Refer to *Government Forms and Disclosures*, [FHA Underwriting Guidelines](#) for details.

APPRAISAL GUIDELINES

The appraisal must comply with all of FHA's minimum property standards. Refer to the *Appraisal* section of our [FHA Underwriting Guidelines](#).

UNDERWRITING

For underwriting questions and underwriting support please contact Government Customer Support by calling (866) 945-9872 or via email at governmentuw@flagstar.com.

All loan applications will be underwritten to FHA's Total Mortgage Scorecard and Flagstar current guidelines. Refer to HUD Handbook 4000.1 and Flagstar's [FHA Underwriting Guidelines](#) for Government Guidelines.

CREDIT SCORES

- Non-traditional, alternative credit and no credit score loans are now eligible and will follow the [FHA Handbook 4000.1](#)
- Loans for borrowers with non-traditional credit are permissible; a credit score of 999 should be entered for those borrowers.

RATE/TERM REFINANCES & SIMPLE REFINANCES

- Loan must be current
- New loan may include any accrued late charges/escrow shortages
- Any cash back to borrower at closing may not exceed \$500
- Prepaid expenses may include per diem interest to end of month on new loan, hazard insurance premium deposits, monthly MIP premium deposits and any real estate tax deposits needed for new escrow account, regardless whether mortgagee refinancing the existing loan is also the servicing lender for that mortgage
- Simple refinances do not permit the paying out of equity to an ex-spouse or the payoff of subordinate liens; if either of those situations is required, the loan must be treated as a regular rate/terms refinance and registered under the appropriate standard FHA product (not the Simple Refi product)
- Refer to the appropriate refinance worksheet to determine the maximum base loan amount:
 - *FHA Maximum Mortgage Worksheet – Rate & Term Refinance*, [Doc. #9342](#)
 - *FHA Maximum Mortgage Worksheet – Simple Refinance*, [Doc. #9346](#)

SUBORDINATE FINANCING AND CLTV

All subordinate financing, whether new or existing being re-subordinated, is subject to a CLTV limit of 97.75% (the FHA-insured first mortgage and any junior liens when added together).

STREAMLINE REFINANCES

- Seasoning: at the time of loan application, the borrower must have made at least six payments on the FHA-insured mortgage being refinanced.
- Payment history: for mortgages with less than a 12-month payment history, the borrowers have made ALL payments in the month due; for mortgages with a 12-month payment history or greater, no more than 1 x 30 in the past 12 months AND 0 x 30 for the three months prior to loan application.

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- Net tangible benefit: refer to our [FHA Underwriting Guidelines](#) for information about the net tangible benefit requirements.
- Refer to the streamline refinance worksheet to determine the maximum base loan amount:
 - *FHA Maximum Mortgage Worksheet –Streamline Refinance*, [Doc. #9347](#)
- Second homes and investment properties permitted provided the new loan is not an ARM.

SUBORDINATE FINANCING AND CLTV

Existing subordinate financing, in place at the time of case number assignment, must be resubordinated to the streamline refinance.

New subordinate financing is permitted only where the proceeds of the subordinate financing are used to:

- Reduce the principal amount of the existing FHA-insured mortgage, or
- Finance the origination fees, other closings costs, or discount points associated with the refinance.

There is no maximum CLTV.

Mortgagees must contact the National Servicing Center for processing of any HUD held lien subordination.

CASH-OUT REFINANCE

- Maximum cash-in-hand for 1- to 4-unit properties: Follow AUS
- Any co-borrower/co-signer added must occupy property; non-occupant co-borrowers are not allowed.
- Borrowers who are delinquent or in arrears on their mortgage are not eligible for a cash-out refinance.
- The property securing the cash-out refinance must have been owned and occupied by the borrower as their primary residence for the 12 months prior to the date of case number assignment.
- The borrower must have made all payments for all their mortgages within the month due for the previous 12 months or since the borrower obtained the mortgages, whichever is less.

SUBORDINATE FINANCING AND CLTV

All subordinate financing, whether new or existing being re-subordinated, is subject to a CLTV limit of 80% (the FHA-insured first mortgage and any junior liens when added together).

In addition, the combined amount of the first mortgage and any junior liens must not exceed the statutory loan limit for the county where the property is located.

ADP CODES

Loan Type	ADP Code
203(b) Fixed-Rate	703
203(b) ARM	729
234(c) Condo Fixed-Rate	734
234(c) Condo ARM	731



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MORTGAGE INSURANCE

Upfront and monthly mortgage insurance premiums will be calculated according to the policies outlined in HUD Handbook 4000.1.

ADJUSTABLE-RATE DETAILS

Interest Rate Adjustment Caps	Initial: 1% up/down; Periodic: 1% up/down; Lifetime: 5% up
Margin	See Price Indication Sheet
Index	1-Year Constant Maturity Treasury (CMT)
Interest Rate Floor	The interest rate floor is equal to the Margin
Change Dates	5/1 ARM: Initial interest rate change date will occur within 60 to 66 months, depending on the first payment date. See table below. Interest rate will adjust every 12 months thereafter.
Conversion Option	None
Assumption	Subject to conditions, fees and rate adjustment
Negative Amortization	None

Initial Interest Rate Change Dates ⁹	
First Payment Date	Initial Change Date ¹⁰
Jan. 1, Feb. 1, Mar. 1	April 1
Apr. 1, May 1, Jun. 1	July 1
Jul. 1, Aug. 1, Sep. 1	October 1
Oct. 1, Nov. 1, Dec. 1	January 1

⁹. The initial interest rate change dates are also published on the daily Price Indication Sheet.

¹⁰. The change date is always the first day of the month.

STATE ELIGIBILITY

These products are available in the following states/territories with restrictions. The states/territories not listed are available without restrictions.

State/Territory	Restriction
Puerto Rico	Not eligible
Texas	Texas Section 50(a)(6) loans are not eligible.
American Samoa	Not eligible
Guam	Not eligible
The Commonwealth of the Northern Mariana Islands	Not eligible

CLOSING DOCUMENTATION

Closing documents may be ordered through Flagstar's Web Based Closing Docs (WBCD) service available in the system. Please call (866) 945-9872 for questions pertaining to drawing Web-Based Closing Docs.