

This document is a summary of most of TMS’s guideline restrictions to FNMA, Freddie Mac, VA, USDA, and FHA. This document should be used as a reference tool in conjunction with the TMS [Seller’s Manual](#), product matrices, and announcements.

General Policies	
Minimum Loan Amount	<ul style="list-style-type: none"> • \$50,000 minimum loan amount on all products except: <ul style="list-style-type: none"> ○ \$100,000 minimum loan amount for FHA 203(k), and ○ \$75,000 minimum loan amount for loans secured by singlewide Manufactured homes
Escrows/Impound Accounts	<ul style="list-style-type: none"> • Unless prohibited by applicable law, Seller must establish an escrow/impound account for each mortgage loan sold to TMS. <ul style="list-style-type: none"> ○ Seller may waive the escrow/impound account requirement on a Conventional mortgage loan with loan-to-value ratio under 80.01% (90.01% in California), but the standard escrow provision must remain in the mortgage loan documents. ○ Partial Escrows/Impounds: On a Conventional loan, impound/escrow account for hazard insurance premiums may be waived and a partial impound/escrow account may be established for real estate taxes only, at no additional cost.
Ineligible Properties	<ul style="list-style-type: none"> • Commercial Properties including, but not limited to, bed and breakfasts, assisted living, boarding houses, working farms, and ranches • Non-traditional home types and mixed-use properties • Co-ops • Timeshares • Hotel condominiums • Hawaiian properties located in lava zones 1 or 2 (determined by the USGS) • Properties encumbered with a private transfer fee
Ineligible Transactions	<ul style="list-style-type: none"> • Assigned Purchase contracts • Loans with negative amortization or balloon payments on subordinate financing • FHA 203(k) loans for property conversions • Transactions with subordinate PACE liens • Non-resident aliens & foreign nationals • Interest rate buydowns • ARMs
4506T Transcript Policy	<ul style="list-style-type: none"> • For Fannie Mae, Freddie Mac, FHA, and VA loans, W2 or 1099 IRS transcripts are not required for; (1) wage- earner borrowers (2) fixed income, such as long-term disability, social security, retirement, etc. (if alternative documents such as the award letter, SS benefits letter, 1099, bank statements are provided) and (3) commission income is less than 25% of the borrower’s total earnings. • IRS tax transcripts <i>are</i> required when qualifying with any of the following: (1) self-employed income; (2) commission income greater than 25% of the borrower’s total earnings; (3) rental income documented on schedule E; (4) employed by a family-owned business; (5) fixed income when the 1040s are used in lieu of alternative documentation.

	<ul style="list-style-type: none"> • Tax transcripts are still required when the following is used to qualify; (1) nontaxable income is grossed up; (2) Other income types such as auto allowance, capital gains/losses, dividend/interest, or farm income/loss; (3) Handwritten income documentation; (4) Loan files where there is relationship between the Borrower and an interested party of the subject transaction such as Seller, or Loan Officer, or employee of a Mortgage Broker; (5) or Seller has relationship to the Loan Officer. • As a reminder, full 1040 transcripts for most recent two years are needed on all USDA loans, and on FHA loans that have a prior Mortgage Credit Reject by a Lender for DTI or income.
Conventional	
AUS	<ul style="list-style-type: none"> • DU with Approved/Eligible recommendation or LP with Accept recommendation is required • Manual Underwrite is not acceptable for Conventional loans
Appraisals/Collateral Underwriter	<ul style="list-style-type: none"> • Collateral Underwriter (CU) is a proprietary appraisal risk assessment tool developed to support appraisal quality. CU is integrated with appraisals uploaded to the UCDP. A CU risk score, flags, and messages will be returned in the UCDP SSR. All SSR quality and/or overvaluation flags with a risk score between 4.01 and 4.9 must have the appropriate steps taken to ensure the validity of the value on the appraisal. Proper documentation may include, but is not limited to, comments from the Underwriter, comments from the Appraiser, and/or a Desk Review. • When the SSR CU risk score is greater than or equal to 5 and receives the message “there is a heightened risk of overvaluation,” the loan is ineligible for purchase by TMS.
Ineligible Products	<ul style="list-style-type: none"> • HomeOne, Construction, Open Access, Affordable Housing loans, A-Minus, HomeStyle
Ineligible Mortgage Insurance	<ul style="list-style-type: none"> • Lender-Paid Monthly or annual MI • Reduced coverage MI • Split coverage MI • Borrower paid annual MI
FHA	
Credit	<ul style="list-style-type: none"> • At least one borrower must have a minimum FICO of 550, unless No FICO program
Ineligible Products	<ul style="list-style-type: none"> • Simple Refi: No escrow shortages or late fees are allowed to be included in loan amount • FHA loans with an unsecured interest-free loan for establishment of an escrow account
VA	

AVM	<ul style="list-style-type: none"> TMS requires an AVM on all IRRRLs for determination of LTV IRRRL – AVM requirement may be waived for FICOs 620 and above; 125% will be the default LTV and LLPA will apply
Credit	<ul style="list-style-type: none"> At least one borrower must have a minimum FICO of 550, unless No FICO program
DTI	<ul style="list-style-type: none"> 50% maximum DTI for manual underwrite No DTI restriction for VA loan with Approved/Accept AUS
USDA	
Credit	<ul style="list-style-type: none"> At least one borrower must have a minimum FICO of 550, unless No FICO program
Enhanced Combination Construction to Permanent Pilot	<ul style="list-style-type: none"> Loan Note Guarantee is required prior to purchase by TMS
Ineligible Programs	<ul style="list-style-type: none"> USDA Streamline assist
*Please check TMS announcements and FNMA, Freddie Mac, FHA, VA, and USDA matrices for most recent updates	