

FHA Matrix

Purchase		No Cash-Out Refinance		Cash-Out Refinance		
LTV/CLTV	Min FICO	LTV/CLTV	FICO Range	LTV/CLTV	Min FICO	
90.0%	550-579	90.00%	550-579	85%	550	
96.5%	580+	97.75%	580+			
MI Factors for Case Assignments on/after January 26, 2015						
Base Loan Amount	>15 Years			≤ 15 Years		
≤ \$625,500	LTV	UFMIP	Annual	LTV	UFMIP	Annual
	>95%	1.75%	0.85%	>90%	1.75%	0.70%
	≤95%		0.80%	≤90%		0.45%
≥ \$625,500	>95%		1.05%	>78%		0.45%
	≤95%		1.00%	>78 & ≤ 90%		0.70%
				>90%		0.95%
Loan Program Names and Terms				Documentation		
Fixed Rate	Terms	ARMs	Other Terms	<ul style="list-style-type: none"> TMS requires Fraud Detection and compliance test Verbal VOE required within 10 days of Closing 		
Government 15	15 years	n/a	n/a			
Government 30	25 or 30 years	n/a	n/a			

Guidance	
Minimum Loan Amount	<ul style="list-style-type: none"> \$50,000 minimum loan amount on all products \$75,000 on Manufactured Singlewide \$100,000 minimum loan amount for 203(k) with open rehabilitation and/or repairs; \$50,000 minimum loan amount for 203(k) with closed/completed rehabilitation and/or repairs

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Ability to Repay (ATR) and Qualified Mortgage (QM) Rule	<ul style="list-style-type: none"> The ATR/QM rule requires that you made a reasonable, good faith determination before or when you consummate a mortgage loan that the borrower has a reasonable ability to repay the loan. TMS follows HUD and CFPB guidance in regards to QM. Safe Harbor and Rebuttable Presumption QM loans are considered for purchase review with no additional overlays. Correspondents are responsible for providing evidence of compliance with the ATR/QM rules.
High Cost/High Priced	<ul style="list-style-type: none"> High costs loans are ineligible for purchase by TMS Higher priced mortgage loans (HPML) are eligible for purchase review
Age of Documents	<ul style="list-style-type: none"> Credit documents must be no more than 120-days-old from the disbursement date, including credit reports, employment, income, and asset documents. Preliminary Title Policy cannot be more than 180 days from the date of the Promissory Note signing date.
Appraisal Requirements	<ul style="list-style-type: none"> A full appraisal completed on Fannie Mae Form 1004D or equivalent, accompanied by form 1004MC, is required for all submissions (excluding Streamlines). Appraisers may perform an update of a previously completed appraisal using Fannie Mae Form 1004D/Freddie Mac Form 442/March 2005 when requested by the Mortgagee. <p><u>Unpermitted property additions are acceptable if:</u></p> <ul style="list-style-type: none"> The subject addition complies with all FHA guidelines; The addition does not result in a change in the number of units comprising the subject property (e.g. a one-unit converted into a two-unit); The Appraiser doesn't give the unpermitted addition value; <i>and</i> The Appraiser has no reason to believe the addition would not pass inspection for a permit. <p><u>Electronic Appraisal Delivery (EAD)</u></p> <ul style="list-style-type: none"> All loans must be submitted with proof of EAD to FHA
AUS	<ul style="list-style-type: none"> LP, DU, or Loan Scorecard's FHA TOTAL Scorecard findings accepted for AUS Manual underwriting is allowed <ul style="list-style-type: none"> See FHA's Lender's Handbook 4000.1 for manual underwrites and manual downgrade requirements
Borrower Eligibility/Title Vesting	<ul style="list-style-type: none"> U.S. citizens Permanent resident aliens with proof of lawful permanent residence Non-permanent resident alien immigrants with proof of lawful permanent residence <ul style="list-style-type: none"> According to USCIS, deferred action does not equate to lawful permanent residency.

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	<ul style="list-style-type: none"> TMS allows Mortgage Credit Certificates (MCCs) in accordance with FHA policy (can be considered acceptable income or used to offset the mortgage payment) <p>Borrowers may hold title individually, as joint tenants, as tenants in common, or inter vivos (except if Texas Home Equity transaction).</p> <p>Titles held in the following are not eligible for purchase consideration:</p> <ul style="list-style-type: none"> Corporations Partnerships Real estate syndications Irrevocable trusts are not eligible for purchase consideration.
Credit	<ul style="list-style-type: none"> Minimum FICO of 550 TMS allows FHA loans to borrowers with no FICO (following non-traditional credit guidelines in the 4000.1) No minimum credit history or tradelines with AUS approval LPD/GSA, SAM, and CAIVRs required
Escrow Holdbacks	<ul style="list-style-type: none"> Escrow repairs are permitted for external weather-related repairs, or internal repairs that cannot be completed prior to the loan closing, provided the property is habitable and safe for occupancy The purchase file must contain the appropriate holdback documentation, including HUD Form 92300 with parts 1, 2, 3, and 5 completed
203(k)	<ul style="list-style-type: none"> \$100,000 minimum loan amount for open rehabilitation and repairs; \$50,000 minimum loan amount for closed/completed rehabilitation and repairs Manufactured is acceptable with 203(k) consultants only Rehabilitation self-help is not allowable Copy of check required for any rehabilitation funds released at closing for material costs to borrower and contractor Conversions/mixed use properties are allowable only when repair escrow account is closed by lender Follow FHA's Lender's Handbook 4000.1 for all requirements
Condominiums	<ul style="list-style-type: none"> Must be located in an FHA-approved condominium project HUD REOs do not require FHA condominium project approval DELRAP is allowed

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	<p>The certificate of insurance policy must contain the Borrower’s name and unit number. An individual hazard insurance policy is not required for a condominium unit. Seller must verify coverage of \$1,000,000 is in-force for the <u>entire project</u> before the mortgage loan is delivered to The Money Source Inc.</p> <p>For attached PUDs and condominiums, the amount of hazard insurance coverage must be at least equal to 100% of the insurable replacement costs of the project improvements, including individual units. A hazard insurance policy which includes a guaranteed replacement cost endorsement or a replacement cost endorsement satisfies this requirement. If the hazard insurance policy includes co-insurance clause, an agreed amount endorsement waiving the co-insurance clause is required.</p> <p>Condominiums and PUDs located in the District of Columbia, and in the following states are exempt:</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td>Alabama</td> <td>Illinois</td> <td>Rhode Island</td> </tr> <tr> <td>Alaska</td> <td>Maryland</td> <td>Tennessee</td> </tr> <tr> <td>Colorado</td> <td>Massachusetts</td> <td>Vermont</td> </tr> <tr> <td>Connecticut</td> <td>Missouri,</td> <td>Washington</td> </tr> <tr> <td>Delaware</td> <td>New Hampshire</td> <td>West Virginia</td> </tr> <tr> <td>Florida</td> <td>New Jersey</td> <td></td> </tr> <tr> <td>Hawaii</td> <td>Pennsylvania</td> <td></td> </tr> </table>	Alabama	Illinois	Rhode Island	Alaska	Maryland	Tennessee	Colorado	Massachusetts	Vermont	Connecticut	Missouri,	Washington	Delaware	New Hampshire	West Virginia	Florida	New Jersey		Hawaii	Pennsylvania	
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Delaware	New Hampshire	West Virginia																				
Florida	New Jersey																					
Hawaii	Pennsylvania																					
Transaction Overlays	<ul style="list-style-type: none"> • No assigned purchase contracts • Non-resident aliens & foreign nationals are not eligible • No negative amortization or balloon payments on subordinate financing • Simple Refi: No escrow shortages or late fees are allowed to be included in loan amount 																					
Disaster Policy	<ul style="list-style-type: none"> • If an appraisal was completed on or prior to the incident period date(s) of the disaster, a disaster inspection will be required, <ul style="list-style-type: none"> ○ The inspection must be dated after the incident period, 																					

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	<ul style="list-style-type: none"> ○ If utilities have not been fully restored to the area, the Appraiser is not required to ensure utilities are on at the time of reinspection, ○ All damages must be repaired, and the subject property restored to its pre-disaster condition, or better, with appropriate and applicable documentation. ○ Lender Certification may be provided in lieu of Reinspection (see TMS Seller's Manual for Lender Certification guideline). ● If the appraisal was inspected after the disaster incident period date(s), For a period of 90 days from the incident period end date the appraisal must include written certification from the Appraiser that: <ul style="list-style-type: none"> ○ Property is free from damage and the disaster has had no effect on the value or marketability, ○ If the appraisal indicates damage, the extent of the damage must be addressed. Completion of repairs is required as evidenced by Form 1004D/442, Appraisal Update and/or Completion report (with photos) prior to the closing of the loan ● If an appraisal was not required due to product type (FHA streamline), a disaster inspection with interior and exterior photos is required <ul style="list-style-type: none"> ○ Lender's Certification in lieu of reinspection is acceptable (see Lender's Certification in lieu of reinspection section in TMS Seller's Manual) <p>Note: Please refer to TMS and FEMA websites for recent updates on disaster areas</p>
4506-T Transcripts Policy	<ul style="list-style-type: none"> ● IRS Form 4506-T must be signed and completed by all borrowers. Transcripts must be obtained prior to loan closing for all borrowers (except non-credit qualifying Streamline refinance.) ● IRS tax transcripts are 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. ● 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 award letter, SS benefits letter, 1099, and bank statements are provided; (3) commission income less than 25% of the borrower's total earnings.
4506-T Transcripts Policy (Continued)	<ul style="list-style-type: none"> ● Tax transcripts are required when the following is used to qualify: 1) non-taxable income, other than VA disability 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

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	<p>relationship between the borrower and an interested party of the subject transaction such as Seller, or Loan Officer, or employee of a Mortgage Broker; or Seller has relationship to the Loan Officer.</p> <p>Note: Full 1040 transcripts for most recent two years are required on all FHA loans that have a prior Mortgage Credit Reject by a Lender for DTI ratios or income concerns.</p>
Ineligible Properties/products	<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 (log homes, geo-dome) • Hawaiian properties located in lava zones 1 or 2, as determined by the USGS • Mixed-use • Cooperatives • Condotels • Hotel Condominiums • Timeshares • Working Farms and Ranches • Unimproved land and property currently in litigation • Commercial Enterprises • 203(h) Refinances and 203(k) Mortgages in conjunction with 203(h) are ineligible for purchase by TMS203(k) conversions unless the escrow is closed out • ARMs • No escrow waivers • FHA loans with unsecured interest-free loan for establishment of an escrow account
Principal Reductions	<p>If there are any principal reductions listed on the Final Closing Disclosure, the Seller must update FHA Connection and provide a MIC reflecting the reduction in mortgage amount prior to the sale of the loan to TMS.</p>
Additional Underwriting Notes	
Cash-Out Refinance	No Cash-Out Refinance

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<ul style="list-style-type: none"> • Value Determination: If the subject property has been the borrower's principal residence owned for: <ul style="list-style-type: none"> ○ ≥ 12 months: Use current appraised value ○ < 12 months: Use lesser of current appraised value or the sales price when the property was acquired • Borrowers whose loans are delinquent or in arrears are not eligible. • Existing or modified subordinate financing may remain in place (regardless of CLTV). • New subordinate financing: Maximum 85% CLTV • Borrowers added to the note or currently on the note must occupy the subject property. • Properties owned free and clear may be financed as cash-out transactions 	<p>The maximum insurable mortgage is the lesser of 97.75% of the appraised value of the property or the total amount of the applicable items below, any UFMIP refund must then be subtracted:</p> <ul style="list-style-type: none"> • Existing 1st lien, any purchase money 2nd lien, any junior liens over 12 mos. old, borrower paid closing costs, prepaid expenses, borrower paid repairs (if required), discount points • The existing 1st lien may include up to 60 days' interest, but may not include delinquent Interest. • Prepaid expenses may include per diem interest, hazard/mortgage insurance, and real estate taxes needed to establish the escrow account. • If the property was acquired < 12 months before the loan application and is not currently FHA insured, original sales price (rather than appraised value) must be used to determine the max mortgage. Repairs and rehab incurred after purchase of the property may be added to the original sales price when calculating the max mortgage amount
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