

FHA GOOD NEIGHBOR NEXT DOOR (GNND)

PROGRAM SPECIFICATIONS	
Description	The Good Neighbor Next Door (GNND) sales incentive permits an Owner-Occupant Borrower who is a full-time law enforcement officer, teacher, firefighter, or emergency medical technician who meets HUD requirements to purchase a specifically designated HUD REO Property located in a HUD-designated revitalization area with FHA-insured financing at a 50 percent discount from the purchase price. When using FHA-insured financing, the Borrower may purchase the HUD REO Property with a minimum down payment of \$100. In addition, the Borrower may include in the mortgage amount customary and reasonable closing costs. GNND purchases may be processed as Section 203(b), Section 203(b) with Repair Escrow, or Section 203(k).
Channels	• Broker • Correspondent ○ Non-Delegated UW ○ Delegated UW
FICO	Minimum Qualifying Credit Scores: • 580 for all qualifying borrowers • 1 credit score required for all qualifying borrowers, • User the middle score if 3 credit scores, or • The lowest of the two if 2 credit scores. • Lowest representative score from all borrowers will be used for qualification purposes.
UW Method	• Total Scorecard: ○ Desktop Underwriter (DU) ○ Loan Product Advisor (LPA)
AUS Recommendation	• Approve/Eligible – DU • Refer/Eligible - DU • Risk Class Accept – LPA • Risk Class Refer – LPA
Eligible Terms	• 10Yr., 15Yr., 20Yr., 25Yr., 30Yr. Fixed • 5/1 Hybrid ARM - Suspended 7/14/2022 until further notice
Eligible Property Types	HUD Owned Single Family Homes • 1 Unit Primary Residence • Manufactured Housing • FHA HRAP Approved Condominiums • PUDs
Eligible Transaction Types	• Purchase
Maximum LTV/CLTV/HCLTV	• \$100 Down
Maximum DTI	• Approve/Eligible or Risk Class Accept - Follow AUS • Refer/Eligible or Manual Underwriting – Follow FHA Guidelines
Owner-Occupancy Term	The Good Neighbor Next Door (GNND) participant must live in the Property as their sole residence for an owner-occupancy term of 36 months, beginning on one of the following dates: • 30 Days after closing if the home requires no more than \$10,000 in repairs before occupancy; • 90 Days after closing if the home requires more than \$10,000, but not more than \$20,000 in repairs; or • 180 Days after closing if the home requires more than \$20,000 in repairs prior to occupancy.
Geographic Restrictions	• Hawaii ○ AFR does not operate in the state of Hawaii and does not permit loans with a subject property in Hawaii for all programs in all channels with the exception of Correspondent Delegated UW transactions. • AFR requires the use of AFR's Texas counsel on all Texas transactions with the exception of Correspondent Delegated loans. AFR utilizes this 3rd party for document preparation and require 48 hours for both title review and to generate a closing package.
4000.1	http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/handbook_4000-1_4000.1_III.A.3.g
Forms	See FORMS Section in the Resource Center
Resources	http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/reo/goodn/gnndabot http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/nsc/gnndserv http://www.hudhomestore.com/Home/GNND.aspx
OVERLAYS	
• Follow all overlays outlined in the FHA 203(b) Program Matrix:	