FHA 203(b) Standard

PROGRAM SPECIFICATIONS	
Description	Section 203(b) is the centerpiece of FHA's single family mortgage insurance programs. It provides mortgage insurance for a person to purchase or refinance a principal residence.

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, • Use the middle score if 3 credit scores, or • The lower of the two if 2 credit scores. • Lowest representative score from all borrowers will be sued 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 Transaction Types	• Purchase
	• Rate/Term Refinance
	• Cash Out Refinance
	  ○ **Note:** The Property securing the cash-out refinance must have been owned and occupied by the Borrower as their Principal Residence for the 12 months prior to the date of case number assignment.
	  ○ Existing mortgage Seasoning Requirement:
	    ▪ The borrower must have made at least six consecutive monthly payments on the loan being refinanced, referred to hereinafter as the Initial Loan, beginning with the payment made on the first payment due date; and
	    ▪ The first payment due date of the refinance loan occurs no earlier than 210 days after the first payment due date of the Initial Loan.
	  ○ Cash-Out transactions in Texas are not permitted-also known as a TX 50(a)(6).
	• Simple Refinance

Eligible Property Types	• 1-4 Unit Primary Residence • Manufactured Housing ○ Single-width, Multi-width, MH Condo Projects • FHA Approved Condos • PUDs
Maximum LTV/CLTV/HCLTV	• Purchase 96.50% • Rate/Term 97.75% • Cash-Out 80%
Maximum DTI	• Approve/Eligible or Risk Class Accept - Follow AUS • Refer/Eligible or Manual Underwriting – Follow FHA Guidelines

Geographic Restrictions	• New Your
	  ○ Temporarily suspended as of 10/20/2023.
	• Hawaii
	  ○ eLEND 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.
	• eLEND requires the use of eLEND's Texas counsel on all Texas transactions with the exception of Correspondent Delegated loans. eLEND utilizes this 3rd party for document preparation and require 48 hours for both title review and to generate a closing package.

Guidelines	http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/handbook_4000-1
Forms	See FORMS Section in the Resource Center

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OVERLAYS	
Borrower	• eLEND does not permit nonprofit organizations and state and local government agencies to purchase rental properties • eLEND requires each MyLoanCenter account (borrower, co-borrower, spouse, third party, etc.) to have a unique email address regardless of their marital status.

Credit	Minimum Qualifying Credit Scores:
	• 580 for all qualifying borrowers
	• 1 credit score required for all qualifying borrowers,
	• Use the middle score if 3 credit scores, or
	• The lower of the two if 2 credit scores.
	• Lowest representative score from all borrowers will be sued for qualification purposes.
	• Mortgage Sanctions and defaulted CAIVRS are not permitted
	• Non-traditional credit is not permitted with the exception of Correspondent Delegated UW transactions that have an AUS Approve/Eligible or Accept recommendation.
	• Housing History:
	  ○ If the loan is manually Underwritten and/or mortgage is not analyzed through AUS, 0x30 required for the most recent 12 months
	  ○ As a reminder, if, in eLEND's judgement, the applicant does not have the ability or willingness to repay the loan, the DE Underwriter does have the ability reject the application regardless of written guidelines being met.

Property	• Follow ML 2022-11 for Appraisal Validity periods • Escrow holdbacks not permitted with the exception of cold weather (adverse weather) related repairs. Borrower(s) are required to enter into an escrow agreement and in most cases require a contractor bid. eLEND will determine an acceptable contingency reserve. This should not be confused with a Repair Escrow. • eLEND will not permit a property with an individual residential water purification system. ○ For example, eLEND will not permit subject properties where the only access to water is a Cistern, and it requires an individual residential water purification system to meet FHA minimum property requirements. • The following property types are not permitted: • Non-FHA Approved Condominiums • Co-Ops • Manufactured Housing that has been moved and/or traded • eLEND will not permit properties with more than 100 acres
Assets	• Sweat Equity not permitted • Private Savings Clubs or Pooled Savings Accounts are not permitted
Income	• Marijuana income is unacceptable income regardless of state law. • Amended tax returns are acceptable, provided there is proof that the IRS has received the return and proof of payment has been made if any taxes were due.

Programs	• eLEND does not participate in the following Programs:
	  ○ Energy Efficient Mortgage Program
	  ○ Hope for Homeowners (H4H) Program
	  ○ Negative Equity Positions Program (Short Refi)
	  ○ Indian Land Program (Section 248)
	  ○ Indian Home Loan Guarantee Program (Section 184)
	  ○ Home Equity Conversion Mortgage (HECM) Program (Section 255)
	  ○ Graduated Payment Mortgages (GPMs) and Growing Equity Mortgages (GEMs) Program (Section 245(a))
	  ○ Single Family Cooperative Program (Section 203(n))
	  ○ Home Mortgage Insurance for Outlying Areas Program (Section 203(i))
	  ○ HUD Section 8 Homeownership Program
	  ○ Temporary Interest Rate Buydowns not permitted
	• eLEND permits CEMA transactions on NY properties
	  ○ eLEND requires an approved closing attorney in NY to conduct all NY settlements. You or the borrower may choose from the list below:
	  ○ Richard H. Lovell, Esq. - (Closing all transactions, including CEMA)
	    ▪ Jared Kaplan, Esq. - (Closing all transactions, including CEMA)

Ownership Types	The following are ineligible for submitting/delivery to eLEND: • Life Estate • Blind Trusts • Irrevocable Trusts • 1031 Exchanges

	• LLCs, Corporations and Partnerships • Community Land Trusts • Leasehold – Manufactured Housing Vesting on the title commitment must remain unchanged/unaltered through the life of the loan. Any title transfer must be completed/recorded prior to the application.

Compliance	• eLEND's Net Tangible Benefit Policy/Recoupment Policy
	  ○ See eLEND Resource Center for eLEND Policy/State Requirements/Forms
	  ○ When a state has a more restrictive recoupment policy, this policy must be met
	• All NY Loans must be tested the time the commitment is prepared.
	  ○ If the APR at the time of commitment cannot be determined eLEND will not proceed with or purchase a Correspondent (Table Funded, Non-Delegated UW or Delegated UW loan).
	• Any loan that is classified as Rebuttable Presumption or a Higher-Priced Mortgage Loan (HPML) must have all HPML provisions applied. eLEND follows Regulation Z requirements for Higher-Priced Mortgage loans.
	  ○ Loans must have an ability to repay (loan must be full income/credit qualifying transaction)
	  ○ Loan must have an established escrow account (with the exception of Condos and PUDs where the consumer must participate in a governing association that is required to purchase a master policy insuring all dwellings) – see the TILA HPML Escrow Rule for more guidance.
	  ○ Loan cannot have a prepayment penalty (eLEND does not permit prepayment penalties)
	• File remains subject to all Qualified Mortgage ("QM") and Ability-to-Repay ("ATR") underwriting guidelines, including Points and Fees thresholds through consummation. eLEND will not originate, close, fund, or purchase any loan that is not legally deemed as a QM.
	• All loans must provide evidence of the borrower's compliance of QM/ATR with a compliance report. **Note:** Correspondent Delegated UW transactions must have a compliance report evidencing compliance.
	• eLEND will not originate loans as a high cost or predatory mortgage loan
	• eLEND will comply in all respects with CFPB's Rule on TILA-RESPA Integrated Disclosures. eLEND will not originate, close, fund, or purchase any loan that does not adhere to the Rule.

Miscellaneous	• eLEND requires all Correspondent Delegated (CDE) transactions to be purchased within 90 days of the Note date.
Disclaimer	All overlays herein are subject to change by eLEND without notice. Where eLEND is silent the UW must follow FHA guidelines outlined in the 4000.1