

Primary Residence

Loan Purpose	Minimum FICO	Max LTV	Units	Minimum Loan Amount	Terms Available
Purchase	580 ¹	96.5%	1 - 4 Units, Manufactured	\$75,000	15, 20, 25, 30 Year Fixed
	550 ¹	90.0%			
No Cash Out	580	97.75% ²			
	550	90.0%			
Cash-Out	550	80.0%			

¹ Loans utilizing DPA requires a minimum of 600 FICO.

² No Cash Out is limited to maximum 85% LTV for borrower with less than 12 months occupancy prior to case assignment date, or for borrowers that have not occupied the property since acquisition.

Maximum Loan Limits			AUS
			DU only
			FHA Condo Search
			FHA Approved Condo Search
			FHA Max County Loan Limits
			FHA Mortgage Limits by County
			Property Types
			SFRs, PUDs, Condos (Cannot be in litigation), 2-4 unit, Multi-Wide Manufactured Homes
			Upfront Mortgage Insurance Premiums
			All Mortgages: 1.75% of Base Loan Amount

¹ Actual loan limits for specific counties in high-cost areas, as determined by FHA, may be lower than the max permitted loan limit listed above.

Annual Mortgage Insurance Premiums (MIP)

Mortgage Terms: 20, 25, 30 Years			
Base Loan Amount	LTV	MIP	Duration
< \$625,500	≤ 90%	80	11 years
	90.01 - 95%	80	Life of Loan
	95.01% and above	85	Life of Loan
> \$625,500	≤ 90%	100	11 years
	90.01 - 95%	100	Life of Loan
	95.01% and above	105	Life of Loan
Mortgage Terms: 10, 15 Years			
< \$625,500	≤ 90%	45	11 Years
	> 90%	70	Life of Loan
	≤ 78%	45	11 Years
> \$625,500	78.01% - 90.00%	70	11 Years
	90.01% and above	95	Life of Loan

Credit Requirements

Age of Documents	<ul style="list-style-type: none"> • 120 Days for Credit Report, Income, Assets and • 180 Days for Appraisals. • 90 days Title <p>All items are measured from Disbursement Date</p>
Authorized User	Accounts for which the Borrower is an authorized user must be included in a Borrower's DTI ratio unless the primary account holder can document that all required payments on the account for the previous 12 months are made. If there are less than three payments required on the account in the previous 12 months, the payment amount must be included in the Borrower's DTI.
Bankruptcy	<p>AUS Approve: > 2 years since date of discharge at time of case number assignment. Borrower must have re-established satisfactory credit or have chosen not to incur new debt.</p> <p>Manual Underwrite:</p> <p>Chapter 7: If < 2 years, but not < 12 months, may be acceptable under documented extenuating circumstances. Evidence that borrower has overcome the extenuating circumstance and was not due to financial mismanagement. In addition, re-established satisfactory credit after the occurrence and ability to repay is required.</p> <p>Chapter 13: Open Chapter 13 allowed after 1 yr. of pay-out period, satisfactory payment history and permission from the BK court for transaction.</p>
Borrower Eligibility	<p>Eligible Borrowers: Must have legal residency and valid Social Security Number</p> <ul style="list-style-type: none"> • US Citizens, Permanent Residents and Non Permanent Resident Aliens (DACA allowed) • Inter-Vivos Revocable Trusts <p>Ineligible Borrowers:</p> <ul style="list-style-type: none"> • Foreign Nationals • Limited and General Partnerships • Irrevocable Trusts • ITIN borrowers
CAIVRS	Clear CAIVRS for each borrower is required for all transactions.
Charged Off Accounts	Charge off accounts do not need to be included in the debt. Repossessions are treated as charge-offs unless specifically notated that the account was sent to collections. Guideline for collections are followed in those instances.
Closed End Debts less than 10 months	Closed-end debts do not have to be included if they will be paid off within 10 months from the date of closing and the cumulative payments of all such debts are less than or equal to 5 percent of the Borrower's gross monthly income. The Borrower may not pay down the balance in order to meet the 10-month requirement.
Collection Accounts	Collection account balances of \$2000 or greater, <ul style="list-style-type: none"> • verify that debt is paid in full at or prior to closing using acceptable source of funds; or • Use 5% of the outstanding balance
Condominiums	<p>Single Project Approvals are eligible.</p> <p>Case Number will not be issued until project is approved by HUD.</p> <p>Appraisal cannot be ordered until project is approved by HUD and case number released.</p> <p>Form #9991 HUD Questionnaire is required.</p>
Contingent Liabilities	<p>Cosigned Debts</p> <ul style="list-style-type: none"> • Documentation that the other party is obligated to the debt, AND • Documentation that the other party obligated has been making regular on-time payments during the previous 12 months had there is no history of delinquency payments on the loan.
Credit Score	<p>Nations Direct will consider loans where the co-borrower has no credit score. At least one of the occupant borrowers must have a qualifying FICO score that meets our minimum requirements.</p> <p>Non-Borrowing spouse's credit report is required in community property states and debts must be included in the ratios per HUD 4000.1.</p>
Debt Paid By Borrower's Business	<p>The account payment does not need to be considered as part of the borrower's DTI ratio if:</p> <ul style="list-style-type: none"> • The account in question does not have a history of delinquency, AND • The business provides acceptable evidence that the obligation was paid out of company funds (such as 12 months of canceled company checks), and • Tax returns show that cash flow analysis of the business took payment of the obligation into consideration.

<p>Disputed Derogatory Account</p>	<p>Disputed Derogatory Credit Accounts refer to disputed Charge Off Accounts, disputed collection accounts, and disputed accounts with late payments in the last 24 months. If the credit report of the Borrower has \$1,000 or more collectively in Disputed Derogatory Credit Accounts, the Mortgage must be downgraded to a Refer and manually underwritten.</p> <p>Exclusions from the \$1,000 cumulative balance include:</p> <ul style="list-style-type: none"> disputed medical accounts; and disputed derogatory credit resulting from identity theft. To exclude these balances, a copy of the police report or other documentation from the creditor to support the status of the accounts must be provided. Accounts of a non-borrowing spouse in a community property state Non-derogatory disputed accounts <p>Non-Derogatory Disputed Accounts include the following types of accounts:</p> <ul style="list-style-type: none"> disputed accounts with zero balance disputed accounts with late payments aged 24 months or greater disputed accounts that are current and paid as agreed 		
<p>Federal Income Tax Installment Agreements</p>	<p>Tax liens may remain unpaid if the Borrower has entered into a valid repayment agreement with the federal agency owed to make regular payments on the debt and the Borrower has made timely payments for at least 3 months of scheduled payments. The Borrower cannot prepay scheduled payments in order to meet the required minimum of 3 months of payments. Except for federal tax liens, the lien holder must subordinate the tax lien to the FHA Mortgage. Payment must be included in the DTI.</p>		
<p>Housing History (Mortgage/Rental)</p>	<p>Purchase and Rate and Term refinances that have an AUS Approve/Eligible: Follow the AUS. Loan must be downgraded to a Refer and manually underwritten if any mortgage tradeline, including lines of credit, during the 12 months prior to case number assignments reflect any of the following:</p> <ul style="list-style-type: none"> 3x30 or more. 1x60 plus at least 1x30. 1x90 in the 12 months. Borrower(s) made less than three consecutive payments since completion of a mortgage forbearance plan prior to the case assignment date. <p>All Cash out Refinance transactions must be 0x30 in the most recent 12 months.</p>		
<p>Installment Payment History</p>	<p>For AUS Approve/Eligible loans, follow the AUS. For manually underwritten loans, there may be no lates on installments in the previous 12 months and no more than 2x30 in the previous 24 months preceding the case assignment date.</p>		
<p>Max Ratios for Downgrades and Manual Underwrite</p>	<p>Lowest Minimum Decision Credit Score</p>	<p>Maximum Qualifying Ratios (%)</p>	<p>Acceptable Compensating Factors</p>
	<p>500-579 or No Credit Score</p>	<p>31/43</p>	<p>Not applicable. Borrowers with Minimum Decision Credit Scores below 580, or with no credit score may not exceed 31/43 ratios.</p>
	<p>580 and above</p>	<p>31/43</p>	<p>No compensating factors required.</p>
	<p>580 and above</p>	<p>37/47</p>	<p>One of the following:</p> <ul style="list-style-type: none"> verified and documented additional 3 months PITI for 1-2 units; 6 mos for 3-4 units Reserves minimal increase in housing payment; or residual income.
	<p>580 and above</p>	<p>40/40</p>	<p>No discretionary debt.</p>
	<p>580 and above</p>	<p>40/50</p>	<p>Two of the following:</p> <ul style="list-style-type: none"> verified and documented additional 3 months PITI for 1-2 units; 6 mos for 3-4 units Reserves minimal increase in housing payment; significant additional income not reflected in Effective Income; and/or residual income.

<p>Ownership Seasoning</p>	<p>Value used for qualifying on subject property owned less than 12 months from Case Assignment Date for All Standard Refinance including No Cash-Out is the lesser of Purchase Price plus documented costs or appraised value. Appraised value is used for subject owned over 12 months as of Case Assignment Date.</p> <p><i>No Cash-Out Refinance:</i></p> <ul style="list-style-type: none"> • <i>Less than 12 months occupied or ownership prior to Case Assignment Date is limited to a max LTV of 85% unless Borrower(s) have occupied home since acquisition date.</i> <p>Cash Out: 12 months of ownership and occupancy prior to Case Number Assignment date is required. Properties with mortgages must have a minimum of six months mortgage payments. Properties owned free and clear may be refinanced as cash-out transactions.</p>
<p>Non-Occupant Co-Borrower</p>	<p>Non-occupant co-borrowers:</p> <ul style="list-style-type: none"> • Must be either US Citizens or have Principal Residence in US • Limited to max 75% LTV. Maximum LTV is eligible if the occupant borrowers are family members and does not involve: <ul style="list-style-type: none"> o a Family Member selling to a Family Member who will be a non occupying co-Borrower; or o a transaction on a two- to four-unit Property • are not eligible on Cash Out transactions • are eligible to qualify for another FHA insured mortgage as non-occupant subject to qualification • may qualify for another FHA-insured Mortgage on a new Property to be their own Principal Residence. • A Borrower with an existing FHA-insured Mortgage on their own Principal Residence may qualify as a non occupying co-Borrower on other FHA-insured Mortgages.
<p>Open-End or 30 day Accounts</p>	<ul style="list-style-type: none"> • 30-Day Accounts that are paid monthly are not included in the Borrower's DTI. • Verification that Borrower paid the outstanding balance in full on every 30-Day Account each month for the past 12 months. • If the credit report reflects any late payments in the last 12 months, 5 percent of the outstanding balance must be used as the Borrower's monthly debt to be included in the DTI
<p>Solar Panels (Leased or PPA)</p>	<ul style="list-style-type: none"> • The monthly solar payment is not included in the DTI ratio calculation.
<p>Student Loan Qualification</p>	<p>For outstanding Student Loans, the following must be used regardless of the payment status:</p> <ul style="list-style-type: none"> • the payment amount reported on the credit report or the actual documented payment, when the payment amount is above zero; or • 0.5 percent of the outstanding loan balance, when the monthly payment reported on the Borrower's credit report is zero. <p>Student monthly debt may only be excluded if there is written documentation from the student loan program, creditor or student loan servicer that indicates that the loan balance for that student loan account is forgiven, canceled, discharged or otherwise paid in full.</p>
<p>Employment / Income / Assets</p>	
<p>Assets</p>	<p>Individual deposits of more than 1% of Adjusted Value must be sourced and documented.</p>
<p>Conversion of Primary / Departure Residence</p>	<p>If Rental Income is being derived from the Property being vacated by the Borrower, the Borrower must be relocating to an area more than 100 miles from the Borrower's current Principal Residence. A lease agreement of at least one year's duration must be obtained after the Mortgage is closed and evidence of the payment of the security deposit or first month's rent.</p> <p>An appraisal report including 1007 & 216 supporting 25% equity and fair market rent in departing residence is required.</p>
<p>Employment Gap</p>	<p>For borrowers with gaps in employment of 6 months or more, the borrower's current income may be considered effective income if it can verify and document:</p> <ul style="list-style-type: none"> • the borrower has been employed in the current job for at least 6 months at the time of Case Number Assignment Date; AND • a two year work history prior to the absence from employment using standard or alternative employment verification.

Frequent Changes in Employment	<p>If the Borrower has changed jobs more than three times in the previous 12-month period, or has changed lines of work, additional documentation must be provided to document the stability of the Borrower's employment income. Additional analysis is not required for fields of employment that regularly require a Borrower to work for various employers (such as Temp Companies or Union Trades).</p> <ul style="list-style-type: none"> • transcripts of training and education demonstrating qualification for a new position; or • employment documentation evidencing continual increases in income and/or benefits.
Reserves	<p>AUS Approve:</p> <ul style="list-style-type: none"> • 1-2 units: none • 3-4 units: 3 months PITIA <p>Manual underwrite:</p> <ul style="list-style-type: none"> • 1-2 units: additional 1 months' PITI after closing. <p>*If the DTI exceeds 31/43, additional reserves are required as a compensating factor.</p> <ul style="list-style-type: none"> • 3-4 units: additional 3 months' PITI after closing. <p>*Gifts are not acceptable source of reserves on Manual Underwrite.</p>
Amended Tax Returns	<p>Amended tax returns must be filed before the loan application date. An increase in income of 20% or more from the original return will not be allowed without Management's approval.</p>
Tax Transcripts	<ul style="list-style-type: none"> • All loans require a signed 4506-C form. Additional 4506-C form is required to be signed by Borrower's LLC, S-Corp or Corporation Name and EIN • Tax Transcripts are required for: <ul style="list-style-type: none"> o Self-employed borrowers o Borrower employed by family member o Using rental income to qualify per tax returns o Relationship between the parties
Property	
3-4 Units	<p>A three- to four-unit Property is either:</p> <ul style="list-style-type: none"> • a Single Family residential Property with three or four individual Dwelling Units; or • a Single Family residential Property with two individual Dwelling Units and one ADU or three individual Dwelling Units and one ADU. <p>Self-Sufficiency - The PITI divided by the monthly Net Self-Sufficiency Rental Income may not exceed 100 percent for three- to four-unit Properties.</p> <p>Calculation - Net Self-Sufficiency Rental Income is calculated by using the Appraiser's estimate of fair market rent from all units, including the unit the Borrower chooses for occupancy, and subtracting the greater of the Appraiser's estimate for vacancies and maintenance, or 25 percent of the fair market rent.</p> <p>Reserves - Three months PITI reserves required after closing for 3-4 unit properties.</p>
Accessory Unit / ADU	<ul style="list-style-type: none"> • An Accessory Dwelling Unit (ADU) refers to a habitable living unit added to, created within, or detached from a primary one-unit Single Family dwelling, which together constitute a single interest in real estate. It is a separate additional living unit, including kitchen, sleeping, and bathroom facilities. • An SFR with an ADU remains a one-unit Property. For any Property with two or more units, a separate additional Dwelling Unit must be considered as an additional unit. • Hotel and Transient Use Form is required when a 1 unit subject property includes an Accessory Dwelling Unit.
Appraisal Requirements	<p>Transferred Appraisal permitted</p>
DPA	<ul style="list-style-type: none"> • Allowed per FHA guidelines • Minimum Credit Score is 600
Escrow Accounts / Impounds	<p>Required</p>
Escrow Holdbacks for Minor Repairs	<ul style="list-style-type: none"> • Allowed for repairs that do not present a health or safety concern and do not affect the structural integrity of the property. • \$5,000 limit on required repairs. • 1.5 times the repair to be held by escrow and released upon clearance by Nations Direct written authorization. • Repairs to be completed within 10 days of closing.

<p>Ineligible Properties</p>	<ul style="list-style-type: none"> • No Land Trusts, Indian Leased Land, Vacant land • Property Condition rating C6 and/or, Quality condition Q6 • Non-Warrantable Condo, Condo-tels, Co-Ops, Manufactured Condos • Commercial Property, Boarding houses, Bed and Breakfast • Working Farms • Non FHA Approved Condos • One Time Close Construction to Perm Loans
<p>Manufactured Homes</p>	<ul style="list-style-type: none"> • 1 unit Primary Residence, Fixed Rate, Fee Simple Only • Structural Engineer's report is required that meets HUD requirements. Existing engineer's cert acceptable as long as there is no new modifications made. • Property must not be located in a deed restricted area including restrictions for age and income • HUD Data Plates (Paper Certification located on the interior of the property) or IBTS Verification • Built on or after June 15, 1976 • Built on a permanent chassis in compliance with the applicable Manufactured Homes (HUD Codes) in effect as of the date the Manufactured Home was constructed. • Must be at least 12 feet wide (single-wide not allowed) and have a minimum of 600 square feet of gross living area. • Manufactured Condos not allowed • Flood insurance required for properties in flood zone. The finished grade level beneath the Manufactured home must be at or above the 100 year return frequency flood elevation. • Manufactured home must be on original site, relocated homes are not permitted • HUD Certification Labels (metal plates attached) or IBTS Verification if not attached to the property • Additions to the property are not permitted if the addition was to add GLA or if there were structural changes to the home (additions such as decks and green rooms without structural changes to the property may be accepted) • Borrower must own the land on which the home is located • Affidavit of Affixture (or its equivalent) to evidence property is classified and taxed as real property
<p>Maximum Loan Exposure</p>	<p>NDM will not extend more than 4 active loans to any one individual or an aggregate of \$2 million.</p>

Multiple FHA Loan Exceptions	The table below describes the only circumstances in which a Borrower with an existing FHA-insured Mortgage for a Principal Residence may obtain an additional FHA-insured Mortgage on a new Principal Residence.	
	Policy	Eligibility Requirements
	Relocation	A Borrower may be eligible to obtain another FHA insured Mortgage without being required to sell an existing Property covered by an FHA-insured Mortgage if the Borrower is: <ul style="list-style-type: none"> relocating or has relocated for an employment related reason; and establishing or has established a new Principal Residence in an area more than 100 miles from the Borrower's current Principal Residence. If the Borrower moves back to the original area, the Borrower is not required to live in the original house and may obtain a new FHA-insured Mortgage on a new Principal Residence, provided the relocation meets the two requirements above.
	Increase in Family Size	A Borrower may be eligible for another house with an FHA Mortgage if the Borrower provides satisfactory evidence that: <ul style="list-style-type: none"> the Borrower has had an increase in legal dependents and the Property now fails to meet family needs; and the LTV ratio on the current Principal Residence is equal to or less than 75% or is paid down to that amount, based on the outstanding Mortgage balance and a current appraisal.
	Vacating a jointly-owned Property	A Borrower may be eligible for another FHA Mortgage if the Borrower is vacating (with no intent to return) the Principal Residence which will remain occupied by an existing co-Borrower
Non-Occupying co-Borrower	A non-occupying co-Borrower on an existing FHA insured Mortgage may qualify for another FHA-insured Mortgage on a new Property to be their own Principal Residence. A Borrower with an existing FHA-insured Mortgage on their own Principal Residence may qualify as a non occupying co-Borrower on other FHA-insured Mortgages	
Properties Listed for Sale / Listing History	Cash Out and Rate/Term Transactions: Property must be taken off the market prior to application date and borrowers must confirm the intent to occupy for (primary residence)	
Resale Restrictions (Flip Transactions)	<p>Time Restriction on Transfers of Title - The eligibility of a Property for a Mortgage insured by FHA is determined by the time that has elapsed between the date the seller has acquired title to the Property and the resale date. The Seller's Date of Acquisition refers to the date the seller acquired legal ownership of that Property. The Resale Date refers to the date all parties have executed the sales contract that will result in the FHA-insured Mortgage for the resale of the Property.</p> <p>Restriction on Resales Occurring 90 Days or Less After Acquisition A Property that is being resold 90 Days or Less following the seller's date of acquisition is not eligible for an FHA-insured Mortgage.</p> <p>Resales Occurring Between 91 Days and 180 Days After Acquisition A second appraisal by another Appraiser must be obtained if: <ul style="list-style-type: none"> the resale date of a Property is between 91 and 180 Days following the acquisition of the Property by the seller; and the resale price is 100 percent or more over the price paid by the seller to acquire the Property. If the second appraisal supports a value of the Property that is more than 5 percent lower than the value of the first appraisal, the lower value must be used as the Property Value in determining the Adjusted Value. The cost of the second appraisal may not be charged to the Borrower.</p>	
State Restrictions	Please see our approved License States. Texas Cash Out is ineligible.	