



CORRESPONDENT DELEGATED UNDERWRITING FHA GUIDELINES WITH OVERLAYS

FHA PRINCIPAL RESIDENCE STANDARD AND HIGH BALANCE LTV MATRIX ²							
PROPERTY TYPE		PURCHASE		NO CASH OUT		CASH OUT REFINANCE	
		LTV/CLTV	MIN FICO	LTV/CLTV	MIN FICO	LTV/CLTV	MIN FICO
1-4 UNITS	AUS Approve	96.50%/105%	580	97.75%	580	80.00%	620
		90.00%	550 ¹	90.00%	550 ¹		

¹Loans with FICO below 580 have a maximum DTI of 50%

²Subject properties located in Essex County, NJ and Baltimore City, MD are temporarily ineligible (Subject properties in Baltimore County, MD remain eligible)

PRODUCT OFFERINGS	
Fixed Rate Products	<ul style="list-style-type: none"> 15, 20, 25, 30 year fixed Nonstandard terms available

Streamline Refinances are eligible – see the FHA Streamline Guidelines with Overlays for details

FHA 2025 MORTGAGE LIMITS (COUNTY LOOKUP: https://entp.hud.gov/idapp/html/hicostlook.cfm)				
Effective for Case Numbers Assigned Between January 1, 2025, and December 31, 2025				
UNITS	FHA LOW-COST AREA	HIGH-COST AREA FHA FORWARD/FNMA/FHLMC	HIGH-COST AK, GM, HI, USVI FHA FORWARD	FANNIE/FREDDIE STANDARD
1	\$524,225	\$1,209,750	\$1,814,625	\$806,500
2	\$671,200	\$1,548,975	\$2,323,325	\$1,032,650
3	\$811,275	\$1,872,225	\$2,808,325	\$1,248,150
4	\$1,008,300	\$2,326,875	\$3,490,300	\$1,551,250

TOPIC	OVERLAY
BASIC GUIDELINES	Overlays in this matrix apply to Federal Housing Administration (FHA) guidelines. Refer to the FHA Single Family Housing Policy Handbook 4000.1 for additional guidance. Information in this matrix is subject to change without notice.
Amended Tax Returns	Accepted for the following amendment reasons: <ul style="list-style-type: none"> Amended for clerical items only (i.e. modifying a prior ITIN number to a newly issued SSN) Amended for income-related items, under the following conditions: <ul style="list-style-type: none"> Amended at least sixty (60) days before mortgage application taken Amendment shows on transcripts (stamped returns not acceptable) Documentation supplied to support the increase, including but not limited to: <ul style="list-style-type: none"> 1099 or W2 showing missed/updated income Canceled Checks or Bank Statements showing missed/updated rental income

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Assets	<ul style="list-style-type: none"> • Assets must be documented as determined by AUS, as applicable, and in accordance with FHA guidelines • An account in a minor's name where the borrower is named only as custodian of the funds is not eligible for use as closing costs, down payment, or reserves.
AUS	<ul style="list-style-type: none"> • DU and LPA allowed
Cash Out Refinance Seasoning	<p>In addition to meeting FHA seasoning, all cash out transactions must meet GNMA seasoning.</p> <ul style="list-style-type: none"> • The new note date must be on or after: <ul style="list-style-type: none"> ○ The date that is 210 days or more after the date on which the first monthly payment was due on the mortgage being refinanced, and ○ The date on which six (6) consecutive monthly payments have been made on the mortgage being refinanced • For modified loans, the note date of the new loan must be on or after: <ul style="list-style-type: none"> ○ The date that is 210 days or more after the date on which the first modified monthly payment was due on the mortgage being refinanced, and ○ The date on which six (6) consecutive modified monthly payments have been made on the mortgage being refinanced
Condominiums	<ul style="list-style-type: none"> • Single Unit Approval allowed <ul style="list-style-type: none"> ○ HRAP eligible ○ DELRAP ineligible
Credit Report – Tradelines	Borrowers whose only credit history is built from Authorized User Accounts are not eligible.
Debt-to-Income Ratio (DTI)	<ul style="list-style-type: none"> • FICO ≥ 580: Follows AUS • FICO < 580: 50% maximum DTI regardless of AUS finding
Electronic Signatures/eSigning	<ul style="list-style-type: none"> • eSigning is allowed for most documents. • eSigning is not allowed for items below: [or any Loans with Power of Attorney (POA)] <ul style="list-style-type: none"> ○ Note ○ Note Rider(s) ○ Notice of Right to Cancel ○ Security Instrument ○ Security Instrument Rider(s) ○ COVID-19 Temporary Attestation

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Eligible Borrowers	<ul style="list-style-type: none"> • US Citizens • Permanent Residents • Inter-Vivos Revocable Trust • Non-Permanent Residents with: <ul style="list-style-type: none"> ○ Case numbers assigned prior to May 25, 2025, are allowed and must follow FHA Single Family Housing Policy Handbook 4000.1 requirements ○ Case numbers assigned on or after May 25, 2025, are ineligible except for citizens of Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau that have an EAD Category Code A08. Refer to FHA Single Family Housing Policy Handbook 4000.1 for additional requirements.
Escrow Account	Escrow Account required; no escrow waiver allowed.
Escrow Holdback	Not allowed
Family-Owned Business	Two years tax returns are required regardless of AUS recommendation.
Income	<ul style="list-style-type: none"> • Follow FHA Single Family Housing Handbook 4000.1 guidelines • The following types of income are unacceptable: <ul style="list-style-type: none"> ○ Income that is not in accordance with all applicable federal, state and local laws, rules and regulations ○ Any income generated from the cannabis or hemp industry
Ineligible Programs - FHA	<ul style="list-style-type: none"> • 203(h) • 203(k) • Construction to Permanent (Single-Closing) • Energy Efficient Mortgages (EEM) • FHA Back to Work • FHA Negative Equity Refinance • Section 184 - Indian Home Loan Guarantee Program • Section 223(e) - Declining Neighborhoods • Section 247 - Hawaiian Homelands • Section 248 - Indian Reservations • Texas 50(a)6 transactions • TPO Originated Loans



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Ineligible Properties	<ul style="list-style-type: none"> Cooperatives (Co-Ops) Indian Leased Land Single-wide manufactured homes Properties with solar panels that affect first lien position
Manufactured Homes	Allowed with Limitations – see ‘Manufactured Home Guidelines’ below for specific terms and conditions
Minimum Loan Amount	\$75,000
Mortgage Credit Certificate (MCC)	Not permitted
Non-Occupant Co-Borrower	Allowed per FHA guidelines
Power of Attorney (POA)	A POA may not be eSigned and must be specific to the transaction.
Recently Listed Properties	Property must be off the market at least one day prior to mortgage application date.
Renegotiated Purchase Contract	<ul style="list-style-type: none"> Not allowed; however, minor adjustments due to condition or other relevant factors are permitted. Increase of sales price after appraisal completed is not permitted.
Social Security Number (SSN)	All borrowers must have a valid SSN.
Tax Transcripts	<ul style="list-style-type: none"> Required when tax returns are used to qualify borrower income, this includes both personal and business returns, where applicable If the most recent year’s tax returns have been filed, but not processed by the IRS, the following alternative documentation is allowed: <ul style="list-style-type: none"> Copy of eFiled tax returns with proof of payment for taxes owed or proof of deposit for refunds due to borrower Letter from CPA who filed taxes stating the Adjusted Gross Income and copy of tax returns with proof of payment for taxes owed or proof of deposit for refunds due to borrower IRS stamped tax returns with proof of payment for taxes owed or proof of deposit for refunds due to borrower Borrower’s self-downloaded copy of transcripts pulled directly from the IRS website <p>Note: A copy of the “Where’s My Refund” screen from IRS site can be provided in lieu of proof of deposit for tax refund.</p>
Temporary Buydowns	Allowed with Limitations – see ‘Temporary Buydown Guide’ below for specific terms and conditions
Underwriting Methods	AUS Approve/Accept finding required, manual underwriting is not permitted



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Unpaid Federal Tax Debt	<ul style="list-style-type: none"> • Delinquent tax debt that has not become a lien and does not impact title (open liens reflected on credit will impact title and must be paid off) may remain open provided the following are met: <ul style="list-style-type: none"> ○ Repayment agreement to be provided ○ Evidence of at least three payments made under the plan(s) and payments are current • Delinquent tax debt that has become a lien or does not meet the above requirements is ineligible <p>NOTE: Record of Account can be used in lieu of canceled check or proof of electronic payment.</p>

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Manufactured Home Guidelines	Overlays in this matrix apply to Federal Housing Administration (FHA) guidelines. Refer to the FHA Single Family Housing Policy Handbook 4000.1 for additional guidance. Information in this matrix is subject to change without notice.
Standards (09/14/2015)	<p>Appraiser must notify mortgagee and report any deficiency of MPR or MPS if a manufactured home does not comply with the following:</p> <ul style="list-style-type: none"> • Floor area must be ≥ 400 sq ft • Constructed on or after June 15, 1976, in conformance with the federal MHCSS, as evidenced by an affixed HUD Certification Label in accordance with 24 CFR §3280.11 (Manufactured Homes produced prior to June 15, 1976 are ineligible for insured financing.) • Manufactured home and site exist together as a real estate entity in accordance with state law (but need not be treated as real estate for taxation purposes) • Manufactured home was moved from the factory or dealer directly to the site • Manufactured home was designed to be used as a dwelling with a permanent foundation built to comply with PFGMH • Finished grade elevation beneath the manufactured home (or, if basement used, the grade beneath the basement floor) is at or above the 100-year return frequency flood elevation • Structure is designed for occupancy as a principal residence by a single family
Estimate Cost (New Construction)	The appraiser must apply the cost approach for New Construction Manufactured Housing.
Flood Zone	<ul style="list-style-type: none"> • LoanStream does not allow manufactured homes in a flood zone.

TOPIC	OVERLAY
Foundation: Existing Construction	<ul style="list-style-type: none"> • Definition: Existing construction for manufactured housing refers to a manufactured home that has been permanently installed on a site for one year or more prior to the case number assignment date. • Standard: If the perimeter enclosure is non-load-bearing skirting comprised of lightweight material, the entire surface area of the skirting must be permanently attached to backing made of concrete, masonry, treated wood, or a product with similar strength and durability. <ul style="list-style-type: none"> ○ Skirting: Skirting refers to a non-structural enclosure of a foundation crawl space that is typically, but not always, a lightweight material such as vinyl or metal attached to the side of the structure and extending to the ground (generally not installed below frost depth). ○ Perimeter Enclosure (MPR/MPS Item): The space beneath the manufactured home must be properly enclosed; the perimeter enclosure must be a continuous wall that is adequately secured to the perimeter of the unit and allows for proper ventilation of the crawl space. • Required Analysis and Reporting: If the manufactured home foundation does not meet the requirements for Existing Construction, the appraiser must notify the mortgagee and report the deficiency in the MPR or MMPS.
Foundation: New Construction	<ul style="list-style-type: none"> • Definition: New construction for manufactured housing refers to a manufactured home that has been permanently erected on a site for less than one year prior to the case number assignment date. • Standard: The space beneath the house must be enclosed by a continuous foundation type construction designed to resist all forces to which it is subject without transmitting forces to the building superstructure; the enclosure must be adequately secured to the perimeter of the house and be constructed of materials that conform, accordingly, to HUD MPS (such as concrete, masonry or treated wood) and the PFGMH for foundations. • Required Analysis and Reporting: If the manufactured home foundation does not meet the requirements for New Construction, appraiser must notify the mortgagee and report the deficiency of the MPR or MPS.
HUD Data Plate	<ul style="list-style-type: none"> • Standard HUD Data Plate Requirements: Manufactured homes have a data plate affixed in a permanent manner, typically adjacent to the electric service panel, the utility room, or within a cabinet in the kitchen. • Required Analysis and Reporting: The appraiser must report the information on the data plate within the appraisal, including the manufacturer name, serial number, model, and date of manufacture, as well as wind, roof load, and thermal zone maps. • Missing Data Plate (or Appraiser Cannot Locate): If the data plate is missing or the appraiser is unable to locate it, the appraiser must report this in the appraisal and is not required to secure the data plate information from another source. <ul style="list-style-type: none"> ○ If the data plate is missing or appraiser cannot locate it, LoanStream requires an IBTS report.



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IBTS Report/HUD Certification FHA	<ul style="list-style-type: none"> • HUD Certification Label Standard: The manufactured home must have an affixed HUD Certification Label located at one end of each section of the house, approximately one foot up from the floor and one foot in from the roadside, or as near that location on a permanent part of the exterior of the house, as practicable. Etched on the HUD Certification Label is the certification label number, as referred to as the HUD label number. Label numbers are not required to be sequential on a multi-section house. • Required Analysis and Reporting: The appraiser must report the HUD label number for all sections, or report that the HUD Certification Label is missing or that the appraiser was unable to locate it. <ul style="list-style-type: none"> ○ If the HUD Certification is missing or appraiser cannot locate it, LoanStream requires an IBTS report.
Ineligible Features	<ul style="list-style-type: none"> • The following are not allowed in relation to a manufactured home: <ul style="list-style-type: none"> ○ Located in a co-op or condo project ○ Located in a flood zone ○ Manufactured home with a leasehold ○ Manufactured home with an ADU or other dwelling structure ○ Single-wide manufactured homes
PFGMH Certification/Engineer Certification	<ul style="list-style-type: none"> • Certification by an engineer or architect, who is licensed/registered in the state where the manufactured home is located, attesting to compliance with the PFGMH, is required. • Any addition to the original structure (i.e. patio, deck, carport, rooms, etc.) must be addressed in the certification. <ul style="list-style-type: none"> ○ If the additions or alterations were not addressed in the certification inspection by the state or local jurisdiction administrative agency that inspects manufactured housing for compliance (or a licensed structural engineer may report on the structural integrity of the manufactured dwelling and the addition if the state does not employ inspectors) is required



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TEMPORARY BUYDOWN GUIDE	
Product Eligibility	<ul style="list-style-type: none"> • 30-Year Fixed Rate only • Conforming and High-balance loan amounts • Primary Residence only • Purchase Transactions only • Single Family (1-2 Units), PUD and Condo only • Seller/Builder funded only
Term of Buydown	<ul style="list-style-type: none"> • 2/1 Buydown: <ul style="list-style-type: none"> ○ 24-month term ○ Initial interest rate temporarily reduced by no more than two percent below the note rate and increased by no more than one percent annually for no more than two years, with the non-reduced note rate applying for years three through 30 • 1/0 Buydown: <ul style="list-style-type: none"> ○ 12-month term ○ Initial interest rate temporarily reduced by no more than one percent below the note rate, with the non-reduced note rate applying for years two through 30
Underwriting Criteria	<ul style="list-style-type: none"> • Borrowers qualified using note rate, not buydown rate • Standard Interested Party Contribution guidelines apply • Seller / Builder funded only