

# FHA

## Program Guidelines



<b>What is Virginia Housing's FHA program?</b>	Virginia Housing's FHA program is a first mortgage insured by FHA and is offered both to first-time and repeat homebuyers and allows use of the expanded income limits. The loan is securitized by Ginnie Mae via a mortgage-backed security (MBS). The interest rate for the FHA program may vary compared to the FHA Bond program. Requirements of this securitized non-bond program are listed below.								
<b>Loan Term</b>	30 year fixed rate only.								
<b>Maximum Lender Compensation</b>	2.50% including SRP plus common and customary ancillary fees.								
<b>Loan-to-Value (LTV)</b>	Maximum 96.5% LTV (+ financed UFMIIP - follow FHA LTV requirements) based on the lower of the sales price / appraised value. No minimum LTV, except: Follow FHA requirements for maximum CLTV. <a href="#">Exhibit LL</a> required if there is subordinate financing (except Plus Second Mortgage and FHLB).								
<b>Mortgage Insurance</b>	UFMIIP / Annual MIP per FHA requirements.								
<b>SPARC Eligible</b>	No.								
<b>FirstHome Dream Eligible</b>	No.								
<b>Plus Second Mortgage Eligible</b>	<a href="#">Yes</a> in accordance with Plus Second Mortgage guidelines.								
<b>DPA Grant Eligible</b>	No.								
<b>CCA Grant Eligible</b>	No.								
<b>First-time Homebuyer</b>	No requirement. Must follow FHA requirements for maximum properties with FHA insurance.								
<b>Income Limits</b>	<table border="1"> <thead> <tr> <th></th> <th>FHA with or without Plus Second Mortgage</th> </tr> </thead> <tbody> <tr> <td><b>Income Limit Type:</b></td> <td>Expanded limits</td> </tr> <tr> <td><b>Who to include:</b></td> <td>All borrowers</td> </tr> <tr> <td><b>What income to include:</b></td> <td>Eligible qualifying income</td> </tr> </tbody> </table> <p><a href="#">Click here</a> to see Virginia Housing's income limits.</p>		FHA with or without Plus Second Mortgage	<b>Income Limit Type:</b>	Expanded limits	<b>Who to include:</b>	All borrowers	<b>What income to include:</b>	Eligible qualifying income
	FHA with or without Plus Second Mortgage								
<b>Income Limit Type:</b>	Expanded limits								
<b>Who to include:</b>	All borrowers								
<b>What income to include:</b>	Eligible qualifying income								
<b>Sales Price / Acquisition Cost Limits</b>	No maximum sales price / acquisition cost with or without the Plus Second Mortgage, but FHA maximum loan limits must be followed as indicated below.								
<b>Maximum Loan Amount</b>	Follow FHA maximum loan amount requirements.								
<b>Eligible Purpose</b>	Primary residence purchase (no refinances).								
<b>Residency</b>	Must meet FHA residency requirements.								
<b>Programs Disclosure and Borrower Affidavit (<a href="#">Exhibit E</a>)</b>	Pages 1 – 2 must be completed and signed.								
<b>Seller Affidavit (<a href="#">Exhibit F</a>)</b>	Not required.								



<b>Originating Lender's Loan Submission Cover Letter (Exhibit O)</b>	Not required.
<b>Recapture</b>	Loan is not subject to recapture.
<b>Homebuyer Education</b>	Required for all first-time homebuyers. Complete Virginia Housing course, <a href="#">HUD Approved Counseling Agency</a> course, Fannie Mae Framework, or Freddie Mac CreditSmart course prior to approval. Fannie Mae's Homeview course is not acceptable. Homebuyer Education Certificate is valid for 2 years.
<b>Tax Transcripts</b>	Follow the applicable insurer, guarantor requirements.
<b>Business Use of Home</b>	No more than 15% of the financed dwelling may be used primarily in a trade or business. The borrowers must fully execute the <a href="#">Business Use of Home Certification</a> if the borrower has disclosed that a part of the current residence is being used primarily for a trade or business or if there is any other evidence in the file, such as: <ul style="list-style-type: none"> <li>The employment business address is the same as the borrower's current residence address and/or the borrower has marked yes for mixed-use property on the URLA, or</li> <li>Federal tax returns are provided and show the "business in home" deduction was taken (Typically this shows on Schedule C, line 30).</li> </ul> The <a href="#">Business Use of Home Certification</a> certifies that not more than 15% of the total living area of the subject property will be used primarily in a trade or business. If greater than 15% will be used in the subject dwelling then the borrower is not eligible.
<b>Maximum Net Worth</b>	Cannot exceed 50% of sales price (See <a href="#">Origination Guide</a> for more information).
<b>Automated Underwriting System (AUS) / Manual Underwrites</b>	<ul style="list-style-type: none"> <li>Desktop Underwriter Approve Eligible or Loan Product Advisor Accept.</li> <li>DU or LPA decision of Refer may be manually underwritten as long as the loan meets the more restrictive of Virginia Housing requirements and FHA manual underwrite requirements.</li> <li>Manual Underwrite is acceptable, including borrowers with no credit score. <ul style="list-style-type: none"> <li>Must meet FHA Non-Traditional credit requirements and all other FHA manual underwrite requirements.</li> </ul> </li> <li>For manually underwritten loans, lender assumes full responsibility for compliance with FHA requirements.</li> </ul>
<b>Minimum Credit Score</b>	620 (no exceptions) for all borrowers.* If originated with the Plus Second Mortgage: <ul style="list-style-type: none"> <li>620-679 required for 3.5% LTV on second,</li> <li>680 required for greater than 3.5% up to 5% LTV on second for all borrowers.</li> <li>If at least one borrower does not have a credit score then the maximum LTV for the Plus Second Mortgage is 3.5%.</li> </ul> *If a borrower does not have sufficient credit to obtain a credit score then the loan must be manually underwritten as indicated above.
<b>Maximum DTI</b>	50% with AUS Approval. Manually underwritten loans must meet more restrictive ratio requirements of Virginia housing and FHA.
<b>Non-Occupant Co-Borrowers</b>	Not allowed.
<b>Ineligible Qualifying Income</b>	<ul style="list-style-type: none"> <li>Boarder Income</li> <li>Accessory Unit Income</li> </ul>
<b>Foreclosures / Deed in Lieu / Short Sales</b>	Follow FHA waiting period requirements.
<b>Collections / Judgments</b>	Follow FHA requirements.

<b>Minimum Borrower Contribution</b>	Follow FHA requirements.
<b>Reserves / Acceptable Funds to Close</b>	Follow FHA requirements for reserves and funds to close (including a gift). <a href="#">Exhibit LL</a> required if there is subordinate financing (except Plus Second Mortgage and FHLB).
<b>Interested Party Contributions</b>	Follow FHA requirements.
<b>Property</b>	<ul style="list-style-type: none"> <li>• Single family (1 unit) detached, attached, FHA approved condominium (Originating Lender to certify condo approval and provide documentation), manufactured home.</li> <li>• Manufactured Homes must meet FHA and see <a href="#">Origination Guide</a> for additional requirements.</li> <li>• Follow FHA acreage requirements, if applicable, including when originated with the Plus Second Mortgage.</li> <li>• Property must be located in Virginia.</li> </ul>
<b>UCDP / Collateral Underwriter</b>	Not required; however lenders are required to meet all FHA appraisal requirements, including submission to FHA's EAD portal.
<b>Unfinished Area</b>	Not applicable since there is no sales price limit to which an acquisition cost must be under.
<b>Post-Closing Repairs</b>	Escrows for post-closing repairs considered case by case as an exception. The Originating Lender's underwriter must review and render a decision on the exception. See the <a href="#">Origination Guide</a> for additional requirements and criteria. No structural or major mechanical repairs allowed.
<b>General Guidelines</b>	Unless otherwise noted follow FHA requirements.

<b>Lock-In</b>	Loans locked on Virginia Housing’s LOS – Mortgage Cadence – Select <b>FHA30F</b> . Different pricing available for this product than Virginia Housing’s FHA Bond product. Follow steps outlined in the <a href="#">Mortgage Cadence User Guide</a> available on Virginia Housing’s website for registering and locking loans.
<b>LLPAs</b>	No additional Loan Level Pricing Adjustments (LLPAs).
<b>Origination</b>	Loan originated in accordance with program guidelines and FHA guidelines.
<b>Lender Delegated Underwriting Availability</b>	Delegated underwriting is available to all approved Virginia Housing delegated lenders. Lender’s underwriter assumes full responsibility for compliance with FHA underwriting requirements. Lenders can contact their Business Development Officer for questions / concerns about delegation.
<b>Underwriting</b>	Loans underwritten in accordance with program guidelines and FHA guidelines. Lender’s underwriter assumes full responsibility for compliance with FHA underwriting requirements. Non-Delegated lenders must submit to Virginia Housing prior to closing – must use the <a href="#">Underwriting Submission Checklist</a> . Follow steps outlined in the <a href="#">Mortgage Cadence User Guide</a> for submitting a Non-Delegated loan to Virginia Housing Underwriting or submitting for Delegated Approval.
<b>Closing</b>	Loans closed in accordance with standard FHA guidelines. Loan must be closed in the name of the lender, registered in MERS with MERS compliant documents.
<b>UCD</b>	Not required.
<b>Documents</b>	Final AUS, URLA, and Transmittal (92900-LT) must match (standard FHA tolerances allowed).
<b>Funding</b>	Originating lender will fund the first mortgage at closing.
<b>Delivery</b>	Loans submitted to Virginia Housing within 10 calendar days of closing. Follow steps outlined in the <a href="#">Mortgage Cadence User Guide</a> for submitting a closed loan package. Documents must be uploaded using the <a href="#">Loan Stacking Form</a> .
<b>4506-C</b>	Lenders are required to deliver a complete 4506-C with Virginia Housing’s auditor information following the instructions in the <a href="#">Origination Guide</a> . Failure to provide will result in loan being pended for purchase.
<b>Pre-Purchase Review</b>	Loans reviewed by Virginia Housing prior to purchase. If errors noted, Virginia Housing will contact lender – this may require rerun of AUS.
<b>Post-Closing</b>	Standard post-closing documents must be submitted to Virginia Housing.
<b>Important:</b> Refer to the <a href="#">Origination Guide</a> for more information about Virginia Housing eligibility requirements.	

*The information contained herein (including but not limited to any description of Virginia Housing and its lending programs and products, eligibility criteria, interest rates, fees and all other loan terms) is subject to change without notice.*