FHA Fixed and Adjustable Rate

See full Product Guide for complete information.

Revised 04-17-25

Units	Maximum Base LTV	Total LTV Including Financed UFMIP
Purchase		
1-4 Units	96.50%	98.25%
HUD REO $100 Down (without inclusion of repairs)/ Good Neighbor Next Door		
1 Unit	100% minus $100	100%
HUD REO $100 Down (with inclusion of repairs)/ Good Neighbor Next Door		
1 Unit	100% minus $100	110%
203(h) MI for Disaster Victims		
1 Unit	100%	101.75%
Rate/Term Refinance & Simple Refinance		
1-4 Units	97.75%[1,2]	99.50%
Cash Out Refinance		
1-4 Units	80%	81.75%

[1] Rate Term Refinance: Maximum 85% LTV if the borrower has occupied the subject property as their principal residence for fewer than 12 months prior to the case number assignment date; or if owned less than 12 months, the borrower has not occupied the subject property for that entire period of ownership.

[2] Refer to the Simple Refinance section of the full product guidelines for specific details.

Amortization	• 10, 15, 20, 25, 30 Year • 30 Year only for ARM transactions	• Odd terms allowed for FRM transactions
Secondary Financing	• Borrower must qualify for making scheduled payments of all liens • For any refinance, eligible subordinate financing may remain in place; however, it must be resubordinated to the FHA-insured first mortgage and meet any CLTV limits. • UCC liens reflected on title must be included in the CLTV, and the debt associated with the UCC must be included in the borrower's DTI unless the UCC is for a lease of purchase of a home power system (e.g., solar, wind).	

Temporary Buydowns	• Available Plans: 3/2/1, 2/1, 1/1, 1/0
	• Fixed Rate, 30 year amortizations only; odd terms not permitted.
	• Purchase transactions only
	• Buydown subsidy must be funded by the Seller or Lender.
	    • When the source of the funds is from the Seller, the interested party contribution limits apply.
	    • **A 3/2/1 Lender Funded option is not available.**
	• Primary Residence only
	• Borrower(s) must qualify using the Note Rate (without consideration of the bought-down rate)
	• Buydown agreement must be signed by all parties, including the borrower(s) and contributor(s).
	    • Must provide that the borrower is not relieved of the obligation to make the mortgage payments required by the terms of the mortgage note, if, for any reason, the buydown funds are not available.
	• Ineligible Transactions: Second Homes, Investment, Manufactured Homes, Rate Term or Cash Out Refinance, **Adjustable Rate Mortgages, Odd Term Amortizations, Borrower or Other Funded subsidies**.	

Eligible Properties	• 1-4 Units • Warrantable Condo, PUD, Townhouse	• Manufactured Housing (minimum double-width) • Mixed Use (non-residential portion may not exceed 49%) • Properties with Accessory Dwelling Units (ADU)
Ineligible Properties	• **Manufactured Homes in a condo community** • Non-warrantable Condo/PUD/Townhouse • Timeshare • Mobile Home • Cooperative • Condo/PUD Hotel • Commercial Property • Working Farms	• Properties that have been assumed • Life Estates • Properties located in lava zones 1 & 2 • **Properties with resale deed restrictions** (other than Age Restricted) • **Community Land Trust**

Occupancy	**Primary Residence** • 1-4 Unit • Must be Owner Occupied	**Secondary Residence** • **Not Permitted**	**Investment Property** • Not Permitted

Refinance Transactions	**Rate Term Refinance**
	
	• Borrower(s) may not receive more than $500 cash back at loan closing. Cash back resulting from the refund of an unused escrow balance from the previous mortgage is not included in the cash back limit whether received at or subsequent to loan disbursement.
	• For a transaction involving a Manufactured Home to be considered a refinance, the Manufactured Home must have been permanently erected on a site for more than twelve months prior to case number assignment.
	• **For properties located in Texas:**
	    • Equity cash out refinances creating a Texas 50(a)(6) mortgage are not permitted.
	    • **The refinance of a mortgage currently identified as a Texas 50(a)(6) may not be refinanced into a non-equity Texas 50(a)(4).**
	    • This information will appear on the title commitment.
	    • Bona fide rate term refinances or the rate term refinance of a mortgage currently identified as a Texas 50(a)(4) are permitted.
	    • In addition, absolutely no cash back to the borrower is permitted.
	
	Simple Refinance
	
	• Refers to a no cash out refinance of an existing FHA-insured mortgage in which all proceeds are used to pay the existing FHA-insured mortgage lien on the subject property and costs associated with the transaction.
	• Permitted for Primary Residences only

	Cash Out Refinance • Cash out refinances are not permitted on properties located in Texas • Subject Property 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. • Subject properties must have made a minimum of six (6) months of mortgage payments on the loan being refinanced beginning with 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 mortgage being refinanced. • Properties owned free and clear may be refinanced as a cash out transaction.

Underwriting

Automated Underwriting:

- All loans must be risk-classified by FHA's TOTAL Score-card
- Eligible AUS Recommendation
  - DU Approved/Eligible
    - $100 Down program: An Approve/Ineligible recommendation is acceptable when the findings confirm the ineligibility is due solely to the associated LTV and loan amount calculation.
  - LPA Accept
  - DU Refer and LPA Caution recommendations are **permitted for purchase transactions only** and must meet FHA standard underwriting and documentation requirements.
  - Note, **FMC to FMC refinances** initially submitted with an initial Approve/Eligible but becomes a Refer during the underwriting process may be considered if the loan meets the HUD requirements of a manual underwrite.
  - Manual underwriting: When permitted, loans receiving a Refer/Caution or an Approve/Eligible/Accept that must be downgraded to a Refer/Caution must be manually underwritten in accordance with HUD Handbook 4000.1, II.A.5. Refer to the full product guide for complete details.

Ratios:

- Maximum DTI will follow the AUS recommendation.
- No Credit Score Borrowers (**Purchases Only**): Borrowers with no credit scores may not exceed 31/43 ratios. Energy Efficient homes may have stretch ratios of 33/45.
- UCC liens reflected on title must be included in the CLTV, and the debt associated with the UCC must be included in the borrower's DTI unless the UCC is for a lease or purchase of a home power system (e.g., solar, wind).

Credit Profile:

Tri-merged credit report is required.

- **For Purchases:**
  - **For traditional credit score scenarios, a minimum risk score of 580 for each borrower for both Standard and Jumbo transactions.**
  - **Borrower(s) without a credit score (non-traditional credit) are permitted.**
    - **Not applicable to Manufactured Homes.**
  - Borrowers with non-traditional or insufficient credit histories are eligible for maximum financing, however, must be underwritten using all manual underwriting policies and procedures.
  - Lakewood data entry: Loan scenarios for Borrower(s) without a credit score (non-traditional credit) must be entered as "100" in all three credit score fields.
- **Cash Out Refinances and Non-FMC to FMC Rate Term & Simple Refinances:**
  - **Minimum risk score of 580 for each borrower for both Standard and Jumbo transactions**
- **For FMC to FMC Rate Term & Simple Refinances:**
  - **Minimum risk score of 550 for each borrower for both Standard and Jumbo transaction**
- **Minimum risk score of 640 for Manufactured Housing**
- LTV may not exceed 90% for Borrowers with credit scores below 580

Reserves:

- 1-2 Units, Manually Underwritten Only: Minimum of one (1) months PITIA required after closing.
- 3-4 Units, TOTAL and Manually Underwritten: Minimum of three (3) months PITIA required after closing.

MI Coverage Requirements	**FHA Mortgage Insurance Premiums** **NOTE: Applies to all mortgages except Simple Refinances of a previous FHA loan endorsed on or before May 31, 2009.**		
	Loans > 15 Years		
	UFMIP = 175 bps	Annual Premium	
		Base Loan Amount ≤ $726,200	Base Loan Amount > $726,200
	LTV	**Case Number Endorsed On/After 03/20/2023**	**Case Number Endorsed On/After 03/20/2023**
	≤ 95.00%	50 bps	70 bps
	> 95.00%	55 bps	75 bps
	LTV	**Case Number Assigned On/After 01/26/2015 and before 03/20/2023**	**Case Number Assigned On/After 01/26/2015 and before 03/20/2023**
	≤ 95.00%	80 bps	100 bps
	> 95.00%	85 bps	105 bps
	Loans ≤ 15 Years		
	UFMIP = 175 bps	Annual Premium	
	LTV	**Case Number Endorsed On/After 03/20/2023**	
	≤ 78.00%	15 bps	15 bps
	78% to ≤ 90.00%	15 bps	40 bps
	> 90.00%	40 bps	65 bps
	LTV	**Case Number Assigned On/After 04/01/13 and before 03/20/2023**	
	78% to ≤ 90.00%	45 bps	70 bps
	> 90.00%	70 bps	95 bps
	LTV	**Case Number Assigned On/After 06/03/13 and before 03/20/2023**	
	≤ 78.00%	45 bps	45 bps
	Simple Refinance Transactions Endorsed On/Before 05/31/09		
	All Loan Terms		
	UFMIP = 1 bps		Annual Premium
	All LTVs		55 bps

This document is not all encompassing. It is a summary reference tool to be utilized in conjunction with agency guidelines and applicable FMC credit and compliance policies. Where this document is silent, refer to agency guidelines.

All bolded and highlighted items are Freedom Mortgage overlays.