



"We Make Mortgages Happen"

Date: July 1, 2011

From: Ashton Ewing/Kim Roddy

Re: Bulletin 2011-08 Requirements for FHA loans with Credit Scores 620-639

The following applies to both FHA purchases and refinances with credit scores 620-639:

- AUS Approval Required
- 0x30 on all mortgage/rental history in past 12 months

Purchase requirements:

- Max 45% DTI (back-end)
- 3.5% minimum borrower's own, seasoned funds required for down payment**
- No employment gaps >30 days within last 12 months
- 2 years minimum self-employment reported on 1040's for same business to use self-employed income.
- VOR required for rental history. Must be verified with cancelled checks or institutional VOR. Must be 0x30 in the last 12 months.
- If borrower does not have a full 12-months verified housing history, the following are required:
 - 2 months PITI reserves required of borrower's own funds**
 - One trade line with a \$5,000 high credit limit reporting at least 12 months' pay history and active within the last 12 months. May not be an authorized user or deferred account.

Refinance requirements:

- Max 50% DTI when borrower is reducing overall debt obligations.
 - Revolving accounts to be verified closed prior to approval for DTI exclusion
- Max 45% DTI when borrower is not reducing overall debt obligations.

Please Note: There are no exceptions made to the above rules on this program.

**All instances of funds or reserves required must be borrower's own seasoned funds. No gifts, grants, etc permitted.

Guidelines subject to change without notice.