

CREDIT/LIABILITIES	OLD GUIDELINE	NEW GUIDELINE	COMMENTS
Student Loans	If in deferment, payment not considered	If currently deferred and not in repayment, loan must be qualified at 2% of unpaid principal balance. If loan is in repayment, qualify using the actual payment, including “income based payment” program which could have a payment of zero	MORE RESTRICTIVE CHANGE FHA has indicated they are “re-examining” the rules on income based program.
Authorized User Credit Card	Debts did not need to be considered	Debts must be considered unless 12 months of cancelled checks showing the owner of the account pays the account in full is received	MORE RESTRICTIVE More documentation required. PENDING CLARIFICATION FROM HUD IF SUPPLEMENT WILL BE PERMITTED
Installment Debt	Payment not considered if less than 10 months and borrower could pay down to get to 10 month payoff	Must consider debts less than 10 months if the cumulative payment of such debt is greater than 5% of the borrower’s gross monthly income. Borrower cannot pay down to get to 10 months	MORE RESTRICTIVE
Alimony/Child Support Payments	No specific paystub requirement	Must obtain paystub covering no less than 28 consecutive days to verify no garnishment.	MORE RESTRICTIVE
30 day demand account (a/k/a accounts paid in full monthly)	Did not reoccur	If any late charges over past 12 months, must use 5%	MORE RESTRICTIVE

EMPLOYMENT/INCOME	OLD GUIDELINE	NEW GUIDELINE	COMMENTS
Grossing Up Income	For borrowers with non-taxable income, gross up percentage is 25%.	For borrowers with non-taxable income, gross up percentage is lesser of 15% or tax bracket they are in	MORE RESTRICTIVE
Self-employed borrowers - P&L	Need a year to date P&L with balance sheet.	A balance sheet is not required for Schedule C borrowers	ENHANCEMENT
Self-employed borrowers – eligibility	Could consider training and education in timeframe	Must be self-employed 2 years 1-2 years may be considered in previously in same line of work. Education & training cannot be considered. Less than 1 year, ineligible	MORE RESTRICTIVE
Self-employed borrowers – income calculation	No specific requirement on decline	If greater than 20% decline over the analysis period must be downgraded to a manual underwrite, even if borrower qualifies at the lower amount.	
Commission Income	Less than 1 year could sometimes be considered	Less than 1 year not eligible.	MORE RESTRICTIVE
Deployed military	No specific rules	If borrower is deployed more than 100 miles, loan is ineligible unless “family member” will reside in the property	MORE RESTRICTIVE
Part time Income	No specific requirement on consistent timeframe	Must be uninterrupted for 2 years in order to consider	MORE RESTRICTIVE
Overtime & Bonus Income	No specific requirement on timeframe	Must be earned for 2 years. 1 year considered on case-by-case. Less than 1 year cannot be considered	MORE RESTRICTIVE
Hourly Wage Earner	No specific requirements on averaging	If hours vary, must use the most recent 12 months average hours, at current pay rate	MORE RESTRICTIVE

Alimony/Child Support received	Previously voluntary could not be considered	If voluntary arrangements have been made, can be considered with evidence of receipt (cancelled checks/deposit slips) for immediate 12 months.	ENHANCEMENT If not paid in a consistent and timely manner, must use the immediate 6 month average
Rental Income – vacating primary residence	Could considered income without specific relocation distance	Must be moving 100 miles away, otherwise rental from prior primary ineligible	MORE RESTRICTIVE
Frequent changes in job	Not specifically addressed	If more than 3 changes in the past 12 mo., document transcripts of training & education for new position AND evidence of continual increases	MORE RESTRICTIVE
Gaps in employment	Not specifically addressed	Gaps less than 6 months require no additional documentation. More than 6, the borrower must be in their current job for at least 6 months at time of case number. A 2 year work history prior to the gap must also be established	MORE RESTRICTIVE

ASSETS	OLD GUIDELINE	NEW GUIDELINE	COMMENTS
Gifts - Documentation	Any large deposit in donor's account did not need to be addressed. In addition, donor's source not always required	Donor's funds must be completed sourced with bank statements. In addition any large deposit must be sourced to insure it did not come from an unacceptable source.	MORE RESTRICTIVE FHA now requires a full and complete paper trail when gifts involved.
Gifts – Reserves	Could be included in reserves	Cannot be included in any mandatory reserve requirement	MORE RESTRICTIVE
Jointly owned bank accounts	If borrower was on a joint account, access letter not required	In all instances any joint account , all non-borrowers (including spouses) must provide a letter with specific authorization for full access	MORE RESTRICTIVE Access letter must be provided in all instances
Large Deposits	For any recently opened account – or – individual deposit of more than 2% of sales price or appraised value	For any recently opened account – or – individual deposit of more than 1% of sales price or appraised value	MORE RESTRICTIVE Percentage dropped from 2% to 1%
Earnest Money Deposit	If 2% must be verified	If 1% must be verified – OR – if underwriter feels amount is inconsistent with borrower savings pattern	MORE RESTRICTIVE DE Underwriter has the discretion to ask for additional information even for earnest money deposit of 1% or less

ELIGIBILITY	OLD GUIDELINE	NEW GUIDELINE	COMMENTS
No Cash Out Refinance Definition	NA	There is a new term under No Cash Out called “simple refinance”.	Provides clarity on No-Cash Out <ul style="list-style-type: none">Rate/Term: existing lien NOT a FHA loanSimple Refinance: existing lien IS a FHA loan. Full credit qualify with appraisal. Only benefit is reduced MI premium Both can use total scorecard
Streamline Refinance changes	CLTV capped Could be credit qualified or non-credit qualified – with or without an appraisal	Unlimited CLTV Appraisal does not need to be ordered Credit qualified only needed when dropping a borrower – otherwise all non-credit qualified Reduction in term is now a net-tangible benefit Net Benefit changes focus now on rate comparison instead of PITI comparison	Maximum mortgage still limited and cannot include financed closing costs. Check full guidelines for requirements on net tangible benefit
Cash out refinance with derogatory credit	Previous mortgage delinquency within 12 months ineligible.	If delinquencies within the past 12 months, eligible, but subject to manual downgrade AND must meet extenuating circumstances	ENHANCEMENT Allows for loan to be considered, however, must meet extenuating circumstance which is loss of job and/or death of wage earner. Divorce not an extenuating circumstance.
Subordinate Financing	Previously not subject to county limits	Subject to county limits	MORE RESTRICTIVE
Definition of family member	In-laws were not considered family members Cousins were considered family members Family members (including step, in-law and foster) are: <ul style="list-style-type: none">ChildParent, GrandparentSiblingsAunt/Uncle	In-laws are considered family member Cousins are NOT family members	ENHANCEMENT Family member important for: <ul style="list-style-type: none">GiftGift of EquityWho can be on title onlyNon-occupant co-borrower requirementsIdentity of interest

Realtor/Mortgage Banker Dual Employment	Not permitted	Permitted, however an individual can only have 1 role in the transaction and can only be paid from one source. Still subject to any State restriction	ENHANCEMENT
Individuals on title only	No restrictions	Only a family member can be on title only.	MORE RESTRICTIVE
Borrower’s living “rent free”	Previously did not need to prove	Must prove they are living rent free. Letter from homeowner of where they are living required	MORE RESTRICTIVE
Non-Profits and DPA	The sum of all financing could not exceed 100%	If a non-profit is an IRS 501 (c) (3) entity, they can provide the minimum investment as secondary financing. Not all non-profits have this designation	MORE RESTRICTIVE

MANUAL DOWNGRADE REQUIRED		
<div>1. Information Total Scorecard could not evaluate or was not entered.</div> <div>2. Disputed derogatory accounts: \$1,000 or more collectively</div> <div>3. Bankruptcy: less than 2 years from discharge date</div> <div>4. Foreclosure, Pre-Foreclosure, Short Sale that was delinquent at time of sale or Deed in Lieu: less than 3 years from transfer date</div> <div>5. Mortgage payment – Purchase/No Cash out: ANY mortgage trade line reflects the following during the past 12 months:<div><div>a. 3 or more payments greater than 30 days</div><div>b. 1 or more payment greater than 60 days PLUS one or more 30 day</div><div>c. 1 payment greater than 90 days</div></div></div> <div>6. Mortgage payment – Cash out:<div><div>a. Any current mortgage delinquency</div><div>b. Any delinquency within 12 months. NOTE: must meet extenuating circumstance</div></div></div> <div>7. Undisclosed Mortgage Debt</div> <div>8. Self-employed borrower where business shows greater than 20% decline over analysis period.</div>		
WAITING PERIOD	WITHOUT EXTENUATING CIRCUMSTANCE	WITH EXTENUATING CIRCUMSTANCE
		<div>NOTE: divorce and/or inability sell the home is not an extenuating circumstance</div>
Chapter 7 or 11	2 years	Less than 2 years but greater than 1 – downgrade to manual.
Chapter 13	2 years	At least 1 year since pay out
Foreclosure, Pre-Foreclosure, Short Sale that was delinquent at time of sale or Deed in Lieu	3 years	Less than 3 years downgrade to manual.
Short sale that was CURRENT	No waiting period	No waiting period