

FHA MANUAL UNDERWRITING CHECKLIST

| Manual Underwriting | | | | | |
|---|--|-------|-----------------------|-------|------------------------------|
| Manual UW | Was the loan referred by an Automatic Underwriting System (AUS)? | | | | <input type="checkbox"/> Yes |
| Automatic Downgrades to Manual UW | Mortgage file contains information or documentation that cannot be entered into or evaluated by TOTAL Mortgage Scorecard? | | | | <input type="checkbox"/> Yes |
| | Additional information, not considered in the AUS recommendation affects the overall insurability of the Mortgage? | | | | <input type="checkbox"/> Yes |
| | Any late mortgage payments on a cash-out refinance within 12 months of the case assignment? | | | | <input type="checkbox"/> Yes |
| | Mortgages reported on the credit report with more than 2x30 or 1x60 late pays within 12 months of the case assignment? | | | | <input type="checkbox"/> Yes |
| | Mortgages not reported on the credit report with any delinquency within 12 months of the case assignment, or more than 2x30 late pays within 24 months of the case assignment? | | | | <input type="checkbox"/> Yes |
| | Previous Mortgage Foreclosure, Short Sale, or Deed-in-Lieu (DIL) of Foreclosure within last 3 years from Case Assignment? | | | | <input type="checkbox"/> Yes |
| | Chapter 7 or 13 Bankruptcy discharged less than 2 years from Case Assignment? | | | | <input type="checkbox"/> Yes |
| | Existing Disputed Accounts/Collections/Public Records (Excludes medical; includes late payments in last 24 months; charge offs, and collections; aggregate balance ≥ \$1000) | | | | <input type="checkbox"/> Yes |
| | Business income shows a greater than 20% decline over the analysis period? | | | | <input type="checkbox"/> Yes |
| | Less than 3 consecutive payments since completion of a mortgage forbearance plan for a purchase or rate/term refinance, or less than 12 consecutive payments since completion of a mortgage forbearance plan for a cash out refinance. | | | | <input type="checkbox"/> Yes |
| Potential Downgrades to Manual UW | Authorized user account is only current tradeline | | | | <input type="checkbox"/> Yes |
| | Multiple NSF's on bank statements | | | | <input type="checkbox"/> Yes |
| | Judgments appearing on prelim/title commitment/ judgment search but not on credit report | | | | <input type="checkbox"/> Yes |
| | Mortgages extinguished through foreclosure that have fallen off credit report or showing "unrated" instead of 8 or 9. | | | | <input type="checkbox"/> Yes |
| | Tax liens not showing on credit report | | | | <input type="checkbox"/> Yes |
| Compensating Factors (FHA Only) | | | | | |
| Manually Underwritten loans require compensating factors to improve probability for loan approval. Conditions will apply to substantiate the factors below. | | | | | |
| | FICO ≥ 580 | | | | |
| Housing/Total Debt Ratios | 31/43 | 37/47 | 40/40 | 40/50 | 31/43 Max Debt Ratio |
| # Comp Factors | None | 1 | No Discretionary Debt | 2 | None |

CASH RESERVES

Cash Reserves: \$ _____ ÷ Mo. PITI: \$ _____ = _____ Reserve Months

- 1+ Months required for 1-2 Unit Property (3+ Months as Comp Factor)
- 3+ Months required for 3-4 Unit Property (6+ Months as Comp Factor)
- Exclude from Cash Reserves: Gift Funds; Equity from another property; Borrower Funds; Cash Proceeds from Refi Transaction
- Retirement Accounts may be used – only 60% of the vested amount

MORTGAGE PAYMENT & PAYMENT HISTORY

Current Total Housing Payment: \$ _____

New Payment (PITI): \$ _____

Difference: \$ _____ (_____% increase/decrease)

Mortgage/Rental Lates in last 12 months: _____

_____ No Discretionary Debt*

*Housing Payment is the ONLY open account with balance not paid off monthly

Additional established credit lines as authorized user required to be open for at least 6 months and paid in full for the past 6 months

SIGNIFICANT ADDITIONAL INCOME NOT INCLUDED IN GROSS EFFECTIVE INCOME

Bonus Income: \$ _____ Monthly Annually Quarterly

Overtime Income: \$ _____ Monthly Annually Quarterly

Part-Time Income: \$ _____ Monthly Annually Quarterly

Seasonal Income: \$ _____ Monthly Annually Quarterly

Requirements:

- Proof that borrower has received this income for at least 1 year and income will likely continue.
- The income, if included in Gross, would reduce the qualifying ratios under 37% housing and 47% total ratio.
- Income from non-borrowing spouses/non-obligated parties is not permitted

MONTHLY RESIDUAL INCOME

Family Size: _____

Total Monthly Income: \$ _____

Less Gross Up Portion of Non-Taxable Income: \$ _____

Less Childcare expenses \$ _____

Less PITI+HOA: \$ _____

Less monthly debts: \$ _____

Less Monthly prop maint: \$ _____ (.14cents per square foot)

Less Fed/State/Other tax: \$ _____

TOTAL RESIDUAL INCOME: \$ _____ (exceeds amount from chart below)

| Use BOLD values for loan amounts of \$80,000 or higher; <i>italics</i> values for loan amounts less than \$80,000 | | | | |
|--|--------------------------------|--------------------------------|--------------------------------|---------------------------------|
| Family Size | Northeast | Midwest | South | West |
| 1 | \$450 (<i>\$390</i>) | \$441 (<i>\$382</i>) | \$441 (<i>\$382</i>) | \$491 (<i>\$425</i>) |
| 2 | \$755 (<i>\$654</i>) | \$738 (<i>\$641</i>) | \$738 (<i>\$641</i>) | \$823 (<i>\$713</i>) |
| 3 | \$909 (<i>\$788</i>) | \$889 (<i>\$772</i>) | \$889 (<i>\$772</i>) | \$990 (<i>\$859</i>) |
| 4 | \$1025 (<i>\$888</i>) | \$1003 (<i>\$868</i>) | \$1003 (<i>\$868</i>) | \$1117 (<i>\$967</i>) |
| 5 | \$1062 (<i>\$921</i>) | \$1039 (<i>\$902</i>) | \$1039 (<i>\$902</i>) | \$1158 (<i>\$1004</i>) |
| Over 5, add \$80 (<i>\$75</i>) for each additional member up to 7 Total | | | | |
| Northeast: CT, MA, ME, NH, NJ, NY, PA, RI, VT Midwest: IA, IL, IN, KS, MI, MN, MO, ND, NE, OH, SD, WI | | | | |
| South: AL, AR, DC, DE, FL, GA, KY, LA, MD, MS, NC, OK, PR, SC, TN, TX, VA, VI, WV | | | | |
| West: AK, AZ, CA, CO, HI, ID, MT, NM, NV, OR, UT, WA, WY | | | | |