



First-time Homebuyer Loan Programs

May 2010

FHA Plus
Program Guidelines Overview

FHA Plus	
Loan Term:	30 years
Origination Fee:	0% or 1% Based on pricing option Refer online for current pricing options
Discount Points:	0% - 2% Based on pricing option Refer online for current pricing options
Interest Rate:	Refer online for current pricing options (SPARC funds eligible)
Mortgage Insurance:	FHA
Loan to Value:	1 st Mortgage - FHA Requirements 2 nd Mortgage - up to 3.50% - 5.00% (lesser of sales price or appraised value) based upon the lowest middle credit score of all borrowers. (620-679 = 3.50%. 680 and above 5.00%) NO Cash Back - except verified payment of POC & EMD items
Loan Purpose:	Purchase Only
Ineligible Programs:	EEM (Energy Efficient Mortgage), HUD Escrow Repair, temporary buydowns
Homeownership Education:	Required for all borrowers to be eligible for VHDA financing
Property Requirements:	Owner Occupied/Primary Residence Single Family (1 Unit) 2 acre limit unless waiver granted by VHDA, cannot exceed 5 acres FHA Guidelines
Residency Requirements:	U.S. Citizen, Permanent Resident Alien or FHA requirements for non-permanent Alien
Federal Tax Returns:	3 most recent years of complete Federal Income Tax Returns required for all borrowers, if required to file by federal law. No Prior Homeownership. No Business In Home Use. Refer to section 2.1 in VHDA Origination Guide
Loan Limit:	Refer to the VHDA Income, Sales Price/Loan Limits chart Maximum Sales Price/Loan Limits include combined 1 st and 2 nd mortgage.
Net Worth Limit:	Eligible borrower(s) cannot have a net worth exceeding 50% of the sales price of the dwelling being financed. The value of life insurance policies, retirement plans, furniture and household goods shall not be included in determining net worth. In addition, the portion of the applicant's liquid assets, which are used to make the down payment and to pay closing costs, up to a maximum of 25% of the sales price, will not be included in the net worth calculation.
Sales Price Limit:	Refer to the VHDA Income, Sales Price/Loan Limits chart Maximum Sales Price/Loan Limits include combined 1 st and 2 nd mortgage .
Income Limits:	Refer to the VHDA Income, Sales Price/Loan Limits chart Maximum Income includes combined income of all household members.
Investment Sources:	FHA guidelines
Seller Contribution:	FHA guidelines

Required Investment:	FHA guidelines
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Cash Reserves:	Borrower must have a minimum of 1% contributed either towards the transaction or in reserves. Must be borrower(s) own funds. Refer to Chapter 4, page 75 in the Origination Guide for more information.
Source of Funds:	FHA guidelines
Qualifying Ratios:	Adhere to FHA ratios of 31% payment to income / 43% debt to income DE Underwriters may approve loans up to 38% payment to income / 50% debt to income with loans receiving approve/eligible scorecard decisions based on documented, Compensating Factors - Benchmark Guidelines as defined by FHA. (Refer to 4155.1)
Employment Documentation:	Follow FHA guidelines. Part time, overtime and commissions, must be verified with a two year history and particular focus placed on current level of earnings
Income Documentation:	At minimum, direct Verification and current pay stub or W2's and current pay stub(s) to cover 30 days and telephone verification.
Credit Underwriting:	Credit Score: Minimum 620 (lower middle score of all borrowers) Collections: Individual outstanding collections exceeding \$250 or cumulative total exceeding \$1000 must be paid off prior to closing (manual and AUS approvals) Plus all applicable FHA credit guidelines. Prior Foreclosures require exception from VHDA
Non-Traditional Credit (no score)	If a borrower(s) does not have sufficient credit to obtain a credit score then the loan must be manually underwritten and must comply with FHA ML 2008-11 – (Nontraditional Credit Verification and Evaluation) regardless of the existence of an AUS approval. In addition, a complete credit package with underwriter recommendation must be submitted to VHDA for review prior to loan commitment.
Credit Documents:	90 days to commitment date 120 days to note date (existing construction) 180 days to note date (new construction)
Automated Underwriting:	FHA TOTAL Score Card - Approve/Eligible only loans may exceed FHA's standard ratio requirements of 31%/43% (to a maximum of 38%/50%) based on DE Underwriter's sound and documented, Compensating Factors - Benchmark Guidelines as defined by FHA
Manual Approvals on FHA TOTAL refers	FHA Plus manual approvals will be eligible only with prior review by VHDA. Reviews must be submitted by the DE Underwriter based on their assessment that the loan meets all FHA guidelines. The request must include supporting justification/documentation for the loan decision. The DE Underwriter must submit at minimum, the VHDA waiver request, loan application (1003), FHA Underwriting Transmittal (92900-LT), credit report and paystub.
Recapture:	Borrowers may be subject to recapture - Refer to on-line Recapture Calculator
Important: <i>Refer to VHDA Origination Guide Chapter 2 - Eligibility Requirements - subsection 2.1-2.3 for specific requirements - This Program is a Tax Exempt Bond Program and all requirements of that program must be met (i.e. First-time Homebuyer, Affidavits of Borrower and Seller, 3 Years Federal Tax Returns, Business Use of Home etc.) Please refer to the Origination Guide for additional information.</i>	