

**WM FHA Fixed, Streamline & High Balance Option**

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## WM FHA Fixed, Streamline & High Balance Option

### LOAN PROGRAM DESCRIPTION:

- The Federal Housing Administration (FHA) was established as a division of the U.S. Department of Housing and Urban Development (HUD) in 1934 to expand national homeownership opportunities, increase minority homeownership, make the home buying process less complicated and expensive and keep existing homeowners from losing their homes.
- The underwriting information contained in this section is intended for use in conjunction with HUD Handbook 4000.1 located at: [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/hudclips/handbooks/hsggh](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/handbooks/hsggh) and subsequent applicable Mortgagee Letters located at <http://www.hud.gov/offices/adm/hudclips/letters/mortgagee>.
- [FHA Info Messages](#)

### LOCK-IN/REGISTRATION:

- TPO Connect Client Portal Tips:
  - Loan Type – FHA
  - Doc Type – Full
  - Amortization – 15, 20, 25, & 30 years
    - Jumbo – 30 years

#### Loan Program Labels:

- WM\_FHA\_15\_Fxd
- WM\_FHA\_15\_Fxd\_STLN
- WM\_FHA\_20\_Fxd
- WM\_FHA\_25\_Fxd
- WM\_FHA\_30\_Fxd
- WM\_FHA\_30\_Fxd\_HB
- WM\_FHA\_30\_Fxd\_STLN
- WM\_FHA\_30\_Fxd\_STLN\_HB
- WM\_FHA\_30\_Fxd\_1-0\_BUYDOWN
- WM\_FHA\_30\_Fxd\_2-1\_BUYDOWN
- HUD Repos – Contact Secondary Marketing for price adjustments
- Note any loan amount greater than the general conforming loan limit is considered High Balance. (Ex. General conforming loan limit for 1 unit is \$453,100).

### MINIMUM MORTGAGE:

- None

### MAXIMUM MORTGAGE:

- Refer to <https://entp.hud.gov/idapp/html/hicostlook.cfm> for current loan limits in your geographic area.
  - Follow FHA guidelines on calculating max mortgage for Streamline Refinance, however CLTV can never exceed 100%.

### MAXIMUM LTV/CLTV:

- **Purchase** - The LTV is 96.5 percent, i.e., the reciprocal of the 3.5 percent down payment requirement.
- **Refinance** - The maximum loan amount is limited based on applicable loan-to-value calculations.
  - **Cash-Out** – 85% CLTV.
  - **Rate/Term** – Maximum 97.75% CLTV.
  - **Streamline** – Maximum 100% CLTV. Refer to **LOCK-IN/REGISTRATION** section for specific program name (STLN).
- **High Balance** – Standard FHA LTV requirements apply. The maximum CLTV is capped at the maximum LTV (max LTV = max CLTV).

**WM FHA Fixed, Streamline & High Balance Option**

**ADDITIONAL CONSIDERATIONS:**

- **IMPORTANT** – Settlement agents need to be verified. Contact your Account Executive.
- **Correspondent Non-Delegated:**
  - Cash Out Transactions:
    - Minimum FICO score on cash-out refinances is 620.
    - Maximum cash back is limited to \$100,000 unless the LTV is ≤ 70%.
- **TEST CASES – Ineligible.**
- **HUD ANTI-FLIPPING REQUIREMENTS**
  - Seller must own property for a minimum of 90 days unless property/seller meets requirements of FHA Flip waiver/exceptions to 90 day rule.
  - Evidence of time owned must be provided. Refer to **Property** section for 2<sup>nd</sup> appraisals requirements.
- **NFIP insurance required on properties in flood zone.**
  - No Private Flood Insurance.

**AGE OF DOCUMENTS:**

- 120 days for existing property.
  - Appraisals >120 days needs an update/recert of value is required.
- 180 days for new construction.

**APPLICATION REQUIREMENTS:**

- Refer to **HUD Handbook** 4000.1.
- A fully complete and signed IRS Form 4506-T must be signed and dated at application and at closing for each Borrower on the loan regardless of income source or employment.
  - IRS Form 4506-T is not required for non-credit qualifying FHA Streamline transactions. Therefore, IRS W-2 and 1040 tax return transcripts are not required.
- **TAX RETURN TRANSCRIPTS:**
  - No transcripts are required when all income information used to decision the loan is made up exclusively of wage earner income reported on a W-2 and/or fixed income reported on a 1099 (e.g., social security or VA benefits), unless required by the HUD 4000.1 or AUS.
  - Seller to request and include the most recent year’s 1040 IRS tax return transcript for all other transactions.
- When required, transcripts must be obtained directly from a tax transcript vendor or the IRS by the Seller rather than accepted from a Borrower. Wintrust Mortgage will accept Borrower-obtained transcripts in cases where the Seller has received a rejection using the rejection code reason 10 or verbiage related to a “limitation”. Provide the following:
  - Evidence of the IRS rejection.
  - Borrower-obtained IRS transcripts.
- W-2 transcripts in lieu of actual W-2 forms for W-2 Borrowers only – not eligible if rental, self-employment or other sources of income/expense is known.

**APPRAISAL REQUIREMENTS:**

- Uniform Appraisal Dataset (UAD) – Condition Codes C5 & C6 and Quality Code Q6 are ineligible.

**ARM INDEX:**

- N/A

**ARM INITIAL INTEREST RATE CAPS:**

- N/A

**ARM INTEREST RATE CEILING:**

- N/A

## WM FHA Fixed, Streamline & High Balance Option

### ARM INTEREST RATE FLOOR:

- N/A

### ARM MARGIN:

- N/A

### ARM RATE ADJUSTMENT:

- N/A

### BORROWERS ELIGIBLE:

- Refer to **HUD Handbook** 4000.1.

### BORROWERS INELIGIBLE:

- Refer to **HUD Handbook** 4000.1.
- Life Estates Ineligible.
- Borrowers with diplomatic immunity.

### BUYDOWNS:

- 2/1
- 1/0

### CASH RESERVES:

- Refer to **HUD Handbook** 4000.1.

### CLOSING DOCUMENTS:

- Please follow State/Federal Requirements.
  - Seller disbursement over \$5,000 must be explained excluding Title Commitment lien in payoff, Real Estate Commissions and Taxes.
- All Files sent to Investor Delivery located in Rosemont, IL, must have full Title Commitment. Short form policies cannot be used in lieu of the title commitment.
- Digital signatures allowed on closing packages.

### CO-BORROWERS(S):

- Refer to **HUD Handbook** 4000.1.

### CREDIT:

- Must use representative score. Representative score is defined as the lowest middle score of all Borrowers.
- Minimum FICO is 620 unless otherwise specified.
- Streamline Refinances:
  - Minimum Loan Score of 680 is required.
  - Maximum CLTV is 100%.

### DISCLOSURES:

- Refer to **HUD Handbook** 4000.1.

## WM FHA Fixed, Streamline & High Balance Option

### DOCUMENTATION:

- Refer to **HUD Handbook** 4000.1.
- Verbal VOE required 10 business days prior to Note Date, unless AUS findings state calendar days.
- 3<sup>rd</sup> party verification required for self-employed borrowers at least 30 days prior to note date.

### DOWN PAYMENT REQUIRED:

- 3.5% of the sales price.

### DU/LP INFORMATION:

- **ALL** loans must be run through FHA Total Scorecard via Fannie Mae<sup>®</sup> Desktop Underwriter<sup>®</sup> (DU<sup>™</sup>) or Freddie Mac<sup>®</sup> Loan Prospector Advisor<sup>®</sup> (LPA<sup>™</sup>)

### ESCROW HOLDBACKS:

- Exterior Weather related only.
- **Must obtain WM approval prior to closing.**

### ESCROW WAIVERS:

- Not permitted.

### GEOGRAPHICS RESTRICTIONS:

- **Nevada** – Requires WM approval.
- **Florida** – Broward, Miami-Dade and Monroe county ineligible.
- **Texas** – 50(a)(6) not allowed.

### GIFTS:

- Refer to **HUD Handbook** 4000.1.
- DPA's not allowed.

### HIGH BALANCE OPTION

- Refer to **HUD Handbook** 4000.1.
- 30 year fixed.
- High loan limits are only allowed with Section 203(b) and Section 203(h).
- Standard FHA LTV requirements apply. The maximum CLTV is capped at the maximum LTV (max LTV = max CLTV)
- TOTAL Scorecard may continue to be used for decisioning. However, both the FHA and Wintrust Mortgage additional underwriting criteria must be met (applied manually).
- Non-Traditional credit is not allowed.
- Secondary Financing allowed up to the maximum FHA LTV calculation. The maximum CLTV equals the maximum LTV.

### INTEREST ONLY OPTION:

- N/A

### LIMITATIONS ON REAL ESTATE OWNED:

- Refer to **HUD Handbook** 4000.1.

### MORTGAGE INSURANCE:

- Follow current Published FHA UFMIP and MIP structures. [www.hud.gov](http://www.hud.gov)
- **NOTE:** There will be no reduction of the upfront mortgage insurance premium for first time homebuyers who complete HUD approved pre-purchase counseling.

## WM FHA Fixed, Streamline & High Balance Option

### MORTGAGE INSURERS APPROVED:

- N/A

### NEW CONSTRUCTION:

- Refer to HUD Handbook 4000.1.

### NON-OCCUPYING BORROWER:

- Refer to HUD Handbook 4000.1.

### OCCUPANCY:

- Refer to HUD Handbook 4000.1.

### POWER OF ATTORNEY:

- Another individual may act on behalf of the Borrower(s) at closing if all of the following are met:
  - Proper POA forms are executed
  - POA is recorded in the jurisdiction where the Security Instrument was recorded
  - A POA is acceptable on a refinance only if it specifically makes reference to the terms of the refinance transaction
  - Title policy does not contain any exceptions based on the use of such power
  - POA allowed for loans with one (1) Borrower, except on cash-out refinances
    - Single borrower POA option cannot be used for both initial application and closing application on same transaction.

### PREPAYMENT PENALTY:

- N/A

### PROPERTY TYPES ELIGIBLE:

- Refer to HUD Handbook 4000.1.
- One-to-Four family detached
- Townhomes/PUDs
- Condominiums (must meet HUD requirements)
- **HUD ANTI-FLIPPING REQUIREMENTS**
  - Must comply with HUD 4000.1 - when property resale date is between 91 and 180 days following the acquisition of the property by the seller and the resale price is 100% or more over the price paid by the seller when the property was acquired.

### PROPERTY TYPES INELIGIBLE:

- Co-Ops.
- Manufactured Homes.
- FHA two-to-four unit properties in the state of New Jersey.
- Unacceptable Title / Deed Restrictions (Marital Rights, Age Restricted Ownership, Reversion to Seller Clauses, Life Estates)
- Agricultural Income Producing Properties Ineligible.
- Loans on properties that utilize an individual water purification system if:
  - Public water is not available; **and**
  - Individual water supplied in the area are served by an aquifer confirmed by the health department to be contaminated
  - These instances are not permitted due to the VA escrow requirements. Other circumstances when a water purification system is used are permitted by the VA.
- Partnership, limited partnership or corporate Shared Equity Loans.
- Condotels.
- 203k.
- Properties that are exposed to the environmental hazard of sulfur-containing drywall.
- Test Cases.
- Refer to HUD Handbook 4000.1.

## WM FHA Fixed, Streamline & High Balance Option

### RATIOS:

- Max DTI of 55% with AUS approval/accept.
- Max DTI of 43% with Manual Underwrites.

### REFINANCES:

- Refer to **HUD Handbook** 4000.1.
- Cash-Out and Streamlines:
  - Borrower to have made a minimum of six 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.

### RELOCATION OR TRAILING CO-BORROWER:

- Refer to **HUD Handbook** 4000.1.

### RIGHT OF OWNERSHIP:

- Refer to **HUD Handbook** 4000.1.

### SALES CONCESSIONS:

- Refer to **HUD Handbook** 4000.1.

### SUBORDINATE FINANCING:

- Refer to **HUD Handbook** 4000.1.
- DPA's not allowed.

### TITLE REQUIREMENTS:

- Refer to **HUD Handbook** 4000.1.
- Short form policies are accepted and encouraged (Title Commitment still required).

### TITLE VESTING:

- Irrevocable Living Trusts – Ineligible.
- Individual
- Joint Tenant.
- Tenants in Common.
- Inter Vivos Revocable Trust (Living Trust). Refer to Exhibit E-01 Trust Questionnaire.
- LLC – Ineligible.

### UNDERWRITING SUBMISSION PROCEDURE:

- Correspondents must have full D.E. authority to sell FHA loans to WM.
- Correspondent Non-Delegated – Refer to [Additional Consideration Section](#) for additional overlays.
- **All\*** Loans must be run through FHA Total Scorecard via Fannie Mae<sup>®</sup> Desktop Underwriter<sup>®</sup> (DU<sup>™</sup>) or Freddie Mac<sup>®</sup> Loan Prospector<sup>®</sup> (LP<sup>™</sup>).
  - **\*Streamline refinance is a manual underwrite.**