

FSB will manually underwrite an FHA loan if the min score requirement is met, and the following apply:

- 1) Min score of 600 (*for scores between 600-659, please see the section labeled **Overlays. Overlays will apply on all loans in this score range***)
- 2) Minimum tradelines for a manual underwrite will be determined by the underwriter. Credit depth is needed to show the borrower's willingness and ability to pay. Analysis will be completed of all tradelines old and opened. If the underwriter determines that further credit profile is needed to support the approval of the borrower, they will condition accordingly. In addition, the Underwriter can require Homebuyer Education in lieu of additional tradelines.
- 3) 1 months' reserves are required. Reserves will be calculated by PITI payment and must be the borrower's own funds. The reserves cannot be gift funds. If ratio guidance dictates a higher reserve amount needed, then that guidance takes precedence.
- 4) Verification of Rent always required, if available
- 5) A pricing adjustment will apply for all manual underwritten FHA files – please see rate sheet for adjustment amount
- 6) DTI may not exceed 31/43 without compensating factors – see chart for further information on ratios
- 7) ***When using Gift funds or DPA/Grant funds, any debt ratios that are over 45% must meet manual guidelines for ratios and compensating factors. If no compensating factors are available, max DTI will be 45%.***

(1) Satisfactory Credit

The underwriter may consider a Borrower to have an acceptable payment history if the Borrower has made all housing and installment debt payments on time for the previous 12 months and has no more than two 30-Day late Mortgage Payments or installment payments in the previous 24 months.

The underwriter may approve the Borrower with an acceptable payment history if the Borrower has no major derogatory credit on Revolving Charge Accounts in the previous 12 months.

Major derogatory credit on Revolving Charge Accounts must include any payments made more than 90 Days after the due date, or three or more payments more than 60 Days after the due date.

Lowest Minimum Decision Credit Score	Maximum Qualifying Ratios (%)	Acceptable Compensating Factors
500-579 or No Credit Score	31/43	<p>Not applicable. Borrowers with Minimum Decision Credit Scores below 580, or with no credit score may not exceed 31/43 ratios.</p> <p>Energy Efficient Homes may have stretch ratios of 33/45.</p>
580 and above	31/43	<p>No compensating factors required.</p> <p>Energy Efficient Homes may have stretch ratios of 33/45.</p>
580 and above	37/47	<p>One of the following:</p> <ul style="list-style-type: none"> • verified and documented cash Reserves; • minimal increase in housing payment; or • residual income.
580 and above	40/40	<p>No discretionary debt.</p>
580 and above	40/50	<p>Two of the following:</p> <ul style="list-style-type: none"> • verified and documented cash Reserves; • minimal increase in housing payment; • significant additional income not reflected in Effective Income; and/or • residual income.