



FHA Program (203b)

revised 05/03/2022

Qualify at note rate

Ratios

*AUS approved – ratios evaluated by AUS. ***

** Ratios will be limited to 55% with an AUS approval. Ratios that exceed 55% with AUS approval must receive management approval to proceed. Compensating factors must be present for management approval to be given.

Management approval may be received prior to loan being underwritten. Please send 1003, credit and any additional information that will assist with the management approval to scenarios@flanagansstatebank.com to received management approval prior to underwriting of the file. If ratios go up during the underwriting of the file, the underwriter will send to management review after all PTC conditions have been received on the file.

AUS Refer

May be manually underwritten as long as a refer/eligible is received. Ratios subject to manual criteria. See Manual Underwriting Section for further details on manual underwriting criteria.

HELOC

When a loan has a HELOC that will be subordinated or a HELOC that the borrower holds on another property and won't be closed, this is what may be required by underwriting:

HELOC Reporting on Credit:

- If the credit report and soft pull show no balance - then nothing more is needed
- If the credit report and soft pull show a balance – then we need documentation that shows recorded payment covers the interest amount due monthly (at a minimum) and is not a negative amortization payment.

If funds from a HELOC are being used for closing – FSB will need proof of funds being withdrawn and deposited to borrower's asset account being used for closing funds or a copy of the check or wire given directly to title. Payment will be calculated by using 1.5% of the current balance of the HELOC after the withdrawal for ratios