

**FHA Underwriting Guideline Changes Effective
for Case Numbers Assigned On or After
September 14, 2015**



Topic	Current FHA Guideline	New FHA Guideline
Assets		
Gift Funds – Documenting Transfer	Guidance was unclear about requiring donor’s bank statement in all instances.	Will now require donor’s bank statement showing withdrawal of funds. 4000.1 II.A.4.d.iii.F (TOTAL) 4000.1 II.A.5.c.iii.F(Manual)
Earnest Money	Document source of funds if amount exceeds 2% of sales price or appears excessive based on borrower’s savings history.	Document source of funds if amount exceeds 1% of sales price or appears excessive based on borrower’s savings history as per Section. 4000.1 II.A.4.d.i.A(TOTAL) 4000.1 II.A.5.c.i.A(Manual)
Large Deposit Definition	No definition	For recently opened accounts and recent individual deposits of more than 1 percent of the Adjusted Value (lesser of purchase price minus inducements or the appraised value), the mortgagee must obtain documentation of the deposits. The mortgagee must also verify that no debts were incurred to obtain part, or all, of the minimum required investment. 4000.1 II.A.4.d.iii.A(TOTAL) 4000.1 II.A.5.c.iii.A(Manual)
Joint Funds Access	<ul style="list-style-type: none"> Manual underwriting: No guidance TOTAL Scorecard: If the Borrower does not hold the deposit account solely, all non-Borrower parties on the account must provide a written statement that the Borrower has full access and use of the funds. 	Manual underwriting and TOTAL Scorecard: If the Borrower does not hold the deposit account solely, all non-Borrower parties on the account must provide a written statement that the Borrower has full access and use of the funds. 4000.1 II.A.4.d.iii.A(TOTAL) 4000.1 II.A.5.c.iii.A(Manual)

Topic	Current FHA Guideline	New FHA Guideline
Retirement Accounts	<ul style="list-style-type: none"> • Most recent account statement. • Evidence of liquidation is not required unless the lender is using more than 60%. 	<ul style="list-style-type: none"> • Most recent monthly or quarterly account statement. • Use 60% and deduct existing loans unless there is “conclusive” evidence that a higher percentage may be withdrawn. • Evidence of liquidation is required if any portion is required for funds to close. <p>4000.1 II.A.4.d.iii.C(TOTAL) 4000.1 .II.A.5.c.iii.C(Manual)</p>
Sale of Real Property	Copy of HUD-1	<ul style="list-style-type: none"> • Copy of fully executed Settlement Statement • Must verify and document that the transaction was arms-length and that the Borrower is entitled to the net sales proceeds. <p>4000.1 II.A.4.d.iii.P(TOTAL) 4000.1 II.A.5.c.iii.P(Manual)</p>
Collateralized Loans	The borrower may obtain a loan for the total required investment, as long as satisfactory evidence is provided that the loan is fully secured by assets such as investment accounts or real property. These assets may include stocks, bonds, and real estate other than the property being purchased.	A Collateralized Loan is a loan that is fully secured by a financial asset of the Borrower, such as deposit accounts, certificates of deposit, investment accounts, or Real Property other than the Property being purchased. 4000.1 II.A.4.d.iii.K(TOTAL) 4000.1 II.A.5.c.iii.K(Manual)

Topic	Current FHA Guideline	New FHA Guideline
Real Estate Commission – Proof of License	Not required.	When commission income is used as funds to close through earnings or gift, lender must document borrower or family member real estate license and entitlement to commission from purchase. 4000.1 II.A.4.d.iii.Q(TOTAL) 4000.1 .II.A.5.c.iii.Q(Manual)
Credit		
Satisfactory Credit	Borrower has acceptable credit if: <ul style="list-style-type: none"> • no late housing or installment debt and • no major derogatory credit on revolving accounts 	A lender may approve a borrower if: <ul style="list-style-type: none"> • acceptable payment history and • no major derogatory credit on revolving accounts in the last 12 months. “Acceptable payment history” means: <ul style="list-style-type: none"> • the borrower made all housing and installment debt payments on time for the previous 12 months, and • there are no more than two 30-day late mortgage or installment payments in the last 24 months. “Major derogatory credit” means: <ul style="list-style-type: none"> • payments made more than 90 days after the due date, or • 3 or more payments made more than 60 days after the due date. 4000.1 II.A.5.a.iii.B(Manual)

Topic	Current FHA Guideline	New FHA Guideline
Derogatory Event Wait Period Definition	No definition.	Defines as 'from event date to the new loan case number order date'.
Medical Collections	Can be disregarded.	Specifically designated as obligation not considered debt and can be disregarded. 4000.1 II.A.4.b.iv.P(TOTAL) 4000.1 ii.A.5.a.iv.Q(Manual)
Charge Offs	No detailed guidance.	<ul style="list-style-type: none"> • Defined as loans or debts written off by the creditor that do not have to be included in DTI. • The lender must: <ul style="list-style-type: none"> ○ determine why they exist; ○ document reasons for approving the loan; and ○ obtain a letter of explanation from the borrower and supporting documentation. 4000.1 II.A.5.a.iii.E(Manual)

Topic	Current FHA Guideline	New FHA Guideline
Documents/Processing		
Age of Documents	Existing construction: 120 days New construction: 180 days	Existing and new construction: 120 days 4000.1 II.A.1.a.i.A
Application Signatures	All borrowers must sign either the initial or final 1003.	All borrowers must sign both the initial and final 1003. 4000.1 II.A.1.a.i.A
CAIVRS	Delinquent federal debt makes borrower ineligible.	VERIFIED delinquent federal debt makes the borrower ineligible. 4000.1 II.a.1.b.ii.A
Federal Tax Liens	Tax liens may remain unpaid if the lien holder subordinates the tax lien to the FHA-insured mortgage. Note: If any regular payments are to be made, they must be included in the qualifying ratios.	Tax liens may remain unpaid if the borrower has entered into a valid repayment agreement and has made at least 3 months of timely payments. Payments may not be prepaid. 4000.1 II.a.1.b.ii.A
Re-verification of Employment	No re-verification requirement.	Required within 10 days of loan note date. 4000.1 II.A.4.c.ii.C

Topic	Current FHA Guideline		New FHA Guideline
Glossary - Definitions			
Family Member	Identity of Interest Transactions	All Other Transactions	All Transactions
	<p>The definition of family member includes:</p> <ul style="list-style-type: none"> •child, parent, or grandparent •spouse •legally adopted son or daughter, including a child who is placed with the borrower by an authorized agency for legal adoption •foster child •brother, stepbrother •sister, stepsister •uncle, and •aunt <p>Note: A child is defined as a son, stepson, daughter, or stepdaughter. A parent or grandparent includes</p>	<p>Defined as a borrower's</p> <ul style="list-style-type: none"> •child, parent, or grandparent •spouse •legally adopted son or daughter, including a child who is placed with the borrower by an authorized agency for legal adoption, and •foster child. <p>Note: A child is defined as a son, stepson, daughter, or stepdaughter.</p>	<p>Family member is defined as follows, regardless of actual or perceived sexual orientation, gender identity, or legal marital status:</p> <ul style="list-style-type: none"> • child, parent, or grandparent <ul style="list-style-type: none"> o a child is defined as a son, stepson, daughter, or stepdaughter o a parent or grandparent includes a stepparent / grandparent or a foster parent / grandparent • spouse or domestic partner • legally adopted son or daughter, including a child who is placed with the borrower by an authorized agency for legal adoption • foster child • brother, stepbrother • sister, stepsister • uncle • aunt • son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law of the Borrower <p>• 4000.1 GLOSSARY</p>

Topic	Current FHA Guideline	New FHA Guideline
Family Member (cont'd)	a stepparent / grandparent or foster parent / grandparent	
Income/Employment		
Part-Time Employment Income	Underwriter discretion allowed when received less than 2 years and likely to continue.	Two years of uninterrupted part-time income is required. <ul style="list-style-type: none"> • Average the income over the prior 2 years, or • Use a 12-month average of hours at the current pay rate if the lender documents an increase in pay rate. • 4000.1 II.A.4.c.iv(TOTAL) • 4000.1 II.A.5.b.iv(Manual)
Self-Employed – Declining Income	<ul style="list-style-type: none"> • The lender must establish the borrower’s earnings trend from the prior two years using tax returns. • Stable or increasing annual earnings are acceptable. • Businesses showing a significant decline in income are not acceptable, even if the current income and ratios meet FHA guidelines. • If the borrower’s earnings trend for the previous two years is downward and the most recent tax return or P&L is less than the prior year’s tax return, the borrower’s most recent year’s tax return or P&L must be used to calculate income. 	<ul style="list-style-type: none"> • Income from a business with a greater than 20% decline in income over the analysis period is not acceptable. <ul style="list-style-type: none"> ○ If using an AUS, the lender must downgrade to manual underwriting. • If there has been a 20% or greater decline, the income is still deemed stable if: <ul style="list-style-type: none"> ○ the reduction was the result of documented extenuating circumstances, ○ the income has been stable or increasing for at least 12 months, and ○ the borrower qualifies using the reduced income. ○ 4000.1 II.A.4.a.v(TOTAL) ○ 4000.1 II.A.5.b.x(Manual)
Frequent Job Changes	Okay if borrower continues to advance in income or benefits.	If the borrower has changed jobs more than 3 times in the prior 12 months, or has changed lines of work, the lender must obtain: <ul style="list-style-type: none"> • transcripts of training and education demonstrating qualification for the new position, or • employment documentation evidencing continual increases in income and/or benefits. • 4000.1 II.A.4.c.xi.A

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Paystub Requirement	Paystub covering the most recent 30-day period	Most recent pay stub that shows the Borrower’s year-to-date earnings. 4000.1 II.A.4.c.ii.C(TOTAL) Most recent pay stubs covering 30 days 4000.1 II.A.5.b.ii.C(Manual)
Hourly Earnings Calculation	No guidance.	<ul style="list-style-type: none"> • If the hours do not vary, use the hourly rate. • If the hours vary, use a two-year average. • If the hours vary and there is a documented increase in pay rate, use a 12-month average of hours at the current pay rate. • 4000.1 II.A.4.c.iii(TOTAL) • 4000.1 II.A.5.b.iii(Manual)
Overtime and Bonus Income Calculation	<ul style="list-style-type: none"> • General Rule – Overtime or bonus income must have been received for the past 2 years. • Exception – Periods of less than 2 years may be acceptable if the lender can justify and document in writing why its use is acceptable. • How to calculate the income: <ul style="list-style-type: none"> ○ Average over 2 years. ○ Average over more than 2 years if the income varies significantly from year to year. 	<ul style="list-style-type: none"> • General Rule – Overtime or bonus income must have been received for the past 2 years. • Exception – Periods between 1 and 2 years may be acceptable if consistently earned for at least 1 year and likely to continue. • How to calculate the income: <ul style="list-style-type: none"> ○ Average over 2 years. ○ If the income from the current year decreases by 20% or more from the prior year, use the current year’s income. ○ 4000.1 II.A.4.c.v(TOTAL) ○ 4000.1 II.A.5.b.v(Manual)
Commission Income	<ul style="list-style-type: none"> • Earned for 1-2 years okay if likely to continue. • Earned less than 1 year okay if: <ul style="list-style-type: none"> ○ pay change from salary to commission for similar position with same employer or ○ borrower would qualify if commission income was not used. • Calculate using 2-year average. <ul style="list-style-type: none"> ○ If income has decreased, compensating factors are required. 	<ul style="list-style-type: none"> • Earned for at least 1 year in same or similar line of work and likely to continue. • Calculate by subtracting unreimbursed business expenses from the lesser of: <ul style="list-style-type: none"> ○ the average net commission earned over the past 2 years (or however long it’s been earned) and ○ the average income earned over the prior 1 year. ○ 4000.1 II.A.4.c.ix(TOTAL) ○ 4000.1 II.A.5.b.ix(Manual)

Topic	Current FHA Guideline	New FHA Guideline
Voluntary Alimony or Child Support Payments	No guidance.	<p>Allowed</p> <p>If using a voluntary payment agreement, the lender:</p> <ul style="list-style-type: none"> • obtains 12 months canceled checks, deposit slips, or tax returns. • For divorce decree, legal separation agreement, or court order if there is evidence of receipt for the most recent 6 months, may use the current payment to calculate income, & • if there are not 6 months of consistent payments, may average the income received over the prior 2 years, or less if the income has not been received that long • 4000.1 II.A.4.c.xii.B(TOTAL) • 4000.1 II.A.5.b.xii.B(Manual)
Rental Income on Retained Primary Residence	Rental income may be counted when relocating outside of reasonable commute distance for job and borrower has 25% equity.	<ul style="list-style-type: none"> • Rental income may be counted when relocating and new residence is located at least 100 miles from previous residence. • Must obtain a lease agreement of at least one year duration after the mortgage is closed in addition must provide evidence of payment of the security deposit or first month's rent. • Must obtain a full appraisal on the property being vacated evidencing market rent and proving borrower has at least 25% equity • 4000.1 II.A.4.c.xii.I(TOTAL) • 4000.1 II.A.5.b.xii.I(Manual)
Rental Income from Other Properties	No guidance	<ul style="list-style-type: none"> • Mortgagee must verify and document the existing Rental Income by obtaining the Borrower's most recent tax returns, including Schedule E, from the previous two years. • For Properties with less than two years of Rental Income history, the Mortgagee must document the date of acquisition by providing the deed, Settlement Statement or similar legal document • 4000.1 II.A.4.c.xii.I(TOTAL) • 4000.1 II.A.5.b.xii.I(Manual)

Topic	Current FHA Guideline	New FHA Guideline
Non-taxable Income	Gross up using tax rate evidenced on last return. If borrower did not file a return, use tax rate of 25%.	Gross up is using greater of 15% or actual tax rate. If borrower did not file a return, use tax rate of 15%. 4000.1 II.A.4.c.xii.P(TOTAL) 4000.1 II.A.5.b.xii.P(Manual)
401K Income Calculation	No guidance.	<ul style="list-style-type: none"> • Use current amount if consistent. • Fluctuating amounts require use of 2-year (or time of receipt, if less) average • 4000.1 II.A.4.c.xii.H(TOTAL) • 4000.1 II.A.5.b.xii.H(Manual)
Gaps in Employment	<ul style="list-style-type: none"> • Manual underwriting: Gaps of more than 1 month must be explained. • TOTAL Scorecard: Gaps of less than 6 months require no explanation. 	Manual underwriting and TOTAL Scorecard: Gaps of less than 6 months require no explanation. 4000.1 II.A.4.c.xi.B(TOTAL) 4000.1 II.A.5.b.xi.B(Manual)

Topic	Current FHA Guideline	New FHA Guideline
Temporary Income Reduction	No guidance.	<p>For borrowers with a temporary reduction of income due to a short-term disability or similar temporary leave, lenders may consider the Borrower’s current income as Effective Income, if it can verify and document that:</p> <ul style="list-style-type: none"> • the Borrower intends to return to work; • the Borrower has the right to return to work; and • the Borrower qualifies for the mortgage taking into account any reduction of income due to the circumstance. <p>For Borrowers returning to work before or at the time of the first Mortgage Payment due date, the mortgagee may use the Borrower’s pre-leave income.</p> <p>For Borrowers returning to work after the first Mortgage Payment due date, the mortgagee may use the Borrower’s current income plus available surplus liquid asset Reserves, above and beyond any required Reserves, as an income supplement up to the amount of the Borrower’s pre-leave income. The amount of the monthly income supplement is the total amount of surplus Reserves divided by the number of months between the first payment due date and the Borrower’s intended date of return to work.</p> <p>4000.1 II.A.4.c.xi.C(TOTAL) 4000.1 II.A.5.b.xi.C(Manual)</p>
Insurance		
Flood Insurance	No calculation details for coverage requirements.	<p>Amount at least equal to the lesser of either:</p> <ul style="list-style-type: none"> • The outstanding balance of the mortgage, or • The maximum amount of the NFIP insurance available with response to the property improvements, or • The appraiser’s estimated replacement cost, less the Appraiser’s estimated site value • 4000.1 II.A.1.b.iv.A

Topic	Current FHA Guideline	New FHA Guideline
Liabilities		
Deferred Loans	Loan deferred more than 12 months from closing do not have to be counted in ratios. (no mention of loans in forbearance)	All deferred obligations (including loans in forbearance), regardless of when they will commence, must be included in the qualifying ratios.

Topic	Current FHA Guideline	New FHA Guideline
Deferred Loans (cont'd)		<p>The lender must obtain evidence of:</p> <ul style="list-style-type: none"> • the deferral; • the outstanding balance; • the terms of liability; and • the anticipated monthly payment. <p>For installment debt, the lender must use</p> <ul style="list-style-type: none"> • the actual monthly payment, or • if the actual payment is unknown <ul style="list-style-type: none"> ○ the terms of the debt or ○ 5% of the outstanding balance. <p>For a student loan, the lender must use</p> <ul style="list-style-type: none"> • the actual monthly payment or • if the actual monthly payment is zero or is not available then use 2% of the outstanding balance. • 4000.1 II.A.4.b.iv.G(TOTAL) • 4000.1 II.A.5.a.iv.F(Manual)
Installment Debt <10 Mos Pymts	<p>TOTAL Scorecard: May be excluded from ratios. Manual UW: May be excluded from ratios if debt will not affect ability to pay mortgage.</p>	<p>TOTAL Scorecard and Manual UW: May be excluded from ratios only if:</p> <ul style="list-style-type: none"> • they have remaining cumulative payments of less than or equal to 5% of the borrower's gross monthly income, and • the borrower may not pay the debts down to achieve this percentage. • 4000.1 II.A.4.b.iv.A(TOTAL) • 4000.1 II.A.5.a.iv.A(Manual)
Alimony and Child Support	<p>May be treated as reduction from gross income or as a monthly obligation.</p>	<ul style="list-style-type: none"> • May be treated either as reduction from gross income or as a monthly obligation. • Obtain pay stubs covering at least 28 consecutive days to verify whether the borrower is subject to any order of garnishment. • Calculate the monthly obligation from the greater of: <ul style="list-style-type: none"> ○ the amount shown on the most recent decree or agreement establishing the obligation, or ○ the monthly amount of the garnishment. ○ 4000.1 II.A.4.b.iv.E(TOTAL) ○ 4000.1 II.A.5.a.iv.D(Manual)

Topic	Current FHA Guideline	New FHA Guideline
Revolving Accounts – Monthly Pymt Calculation	<ul style="list-style-type: none"> Greater of 5% of the balance or \$10 or the actual monthly payment 	<ul style="list-style-type: none"> 5% of the outstanding balance or payment shown on credit report or statement 4000.1 II.A.4.b.iv.I(TOTAL) 4000.1 II.A.5.A.IV.H(Manual)
30-Day Account <i>(Accounts requiring payment in full each month.)</i>	No guidance	<ul style="list-style-type: none"> Not included in ratios if borrower has paid in full every month for past 12 months. If there were late payments in the last 12 months include 5% of the balance in the ratios. Lender must document sufficient funds to pay off the balance and close the loan. 4000.1 II.A.4.b.iv.J(TOTAL) 4000.1 ii.A.5.a.iv.(Manual)
Authorized User Accounts	No guidance	<p>If the primary account holder has made all required payments on the account for the previous 12 months, debt does not have to be included in borrower’s ratios. If less than 3 payments have been required on the account in the previous 12 months, the payment must be included in ratios.</p> <p>4000.1 II.A.4.b.iv.A</p>
Occupancy		
Multiple FHA Loans	Borrower may obtain second FHA loan for new principal residence when relocating for employment and current residence is more than reasonable commute to new residence.	Borrower may obtain second FHA loan for new principal residence when relocating for employment and current residence is more than 100 miles from new residence area. 4000.1 ii.A.1.b.iii.A
Property		
Prior Ownership Review When Property Sold Within 12 Months	No guidance.	<p>Prior ownership must be reviewed for undisclosed identity-of-interest transactions.</p> <p>4001.1 II.A.6.a.i</p>

Topic	Current FHA Guideline	New FHA Guideline
Shared Well – Feasibility	Not required.	Shared wells allowed only when lender evidences <ul style="list-style-type: none"> • Connection to public or community water system is not feasible and • property is not located in an area where local officials have determined public connection to be feasible. • 4000.1 II.A.3.a.ii.O
Refinances		
Rate and Term Refinance Types	<ul style="list-style-type: none"> • Rate and Term (<i>refinance any mortgage – requires appraisal</i>) • Streamline Refinance with appraisal • Streamline Refinance with appraisal – Credit Qualifying • Streamline Refinance without appraisal • Streamline Refinance without appraisal – Credit Qualifying 	<ul style="list-style-type: none"> • Rate and Term (<i>refinance any mortgage – requires appraisal</i>) • Simple Refinance (<i>refinance FHA-insured mortgage – requires appraisal</i>) • Streamline Refinance (<i>no appraisal</i>) • Streamline Refinance – Credit Qualifying (<i>no appraisal</i>) • 4000.1 II.A.8.d.i
Rate and Term Maximum LTV	<ul style="list-style-type: none"> • 97.75% 	<ul style="list-style-type: none"> • 97.75% if owner-occupied for previous 12 months or owner-occupied since acquisition if acquired within the last 12 months, at case number date. • 85% if borrower has not occupied as principal residence for <12 months prior to case number date or, if owned less than 12 months, has not occupied the property for the entire period of ownership. • 4000.1 II.A.8.d.vi.2
Rate and Term – Short Payoffs	Permits new subordinate lien in short payoff scenario.	Existing note holder must write off remaining debt in short payoff scenario. 4000.1 ii.A.8.e
Cash-Out – Non-Occupant Co-Borrowers	Non-occupant co-borrower may not be used to help qualify. All borrowers on note must be occupants.	Non-occupant co-borrower may not be used to help qualify. 4000.1 II.A.8.d.A

Topic	Current FHA Guideline	New FHA Guideline
Cash-Out LTV/CLTV	<ul style="list-style-type: none"> Owned 12 months or more: 85% of appraised value Owned less than 12 months: lesser of 85% of appraised value or original sales price 	<p>Owned and occupied as principal residence for 12 months* prior to case number assignment date: 85% of appraised value</p> <p><i>*exceptions allowed for inheritance</i></p> <p>4000.1 II.A.8.d.A</p>
Streamline Refinances		
Streamline Refinance Net Tangible Benefit-Term Reduction	Reduction in term alone does not constitute net tangible benefit.	<p>Reduction in term alone constitutes net tangible benefit if the new rate does not exceed the current rate and payment (Principal + Interest + Monthly-Paid Annual MI) does not increase by more than \$50.</p> <p>4000.1 II.A.8.d.vi.C</p>
Underwriting		
TOTAL Scorecard Manual Downgrade Requirements	<p>Manual downgrades are required when:</p> <ul style="list-style-type: none"> Delinquent federal debt is present 	<p>Manual downgrades are required when:</p> <ul style="list-style-type: none"> Delinquent federal debt is present
Tenant Purchasing Current Residence	The maximum mortgage calculation is not affected by a sales transaction between a tenant and landlord with on identity-of-interest relationship	<p>The maximum LTV percentage for Identity-of-Interest transactions where a tenant-landlord relationship exists at the time of the contract execution, is restricted to 85 percent.</p> <p>4000.1 II.A.b.ii.A</p>

Topic	Current FHA Guideline	New FHA Guideline
<p>TOTAL Scorecard Manual Downgrade Requirements (cont'd)</p>	<ul style="list-style-type: none"> • CAIVRS claim is present unless erroneous or qualifies for exception listed below: <ul style="list-style-type: none"> ○ Assumption-loan was current prior to the assumption ○ Divorce-home and debt assigned to ex-spouse and mortgage was not in default at the time ○ Bankruptcy-mortgage was included in a bankruptcy due to extenuating circumstances • Borrower is named on excluded party list • Foreclosure or DIL within 3 years • BK discharged within 2 years • Late mortgage payments on purchase or r/t refi <ul style="list-style-type: none"> ○ 3 or more > 30 days or ○ 1 or more 60 days plus 1 or more 30 day ○ or 1 >90 days • Any mortgage tradeline (incl 2nd liens) has less than 6 months history • >\$1000 in disputed derogatory accounts • Cash-out refinance reflects <ul style="list-style-type: none"> ○ delinquent payment in last 12 months or ○ currently delinquent or ○ non-occupant co-borrower is present • AUS conditions cannot be met • Derogatory or any other credit information has not been considered by TOTAL (includes multiple NSF checks on bank statement) • A borrower or co-borrower has no credit score • Decision score is <620 and DTI is >43% 	<ul style="list-style-type: none"> • CAIVRS claim is present unless erroneous or qualifies for exception listed below: <ul style="list-style-type: none"> ○ Assumption-loan was current prior to the assumption ○ Divorce-home and debt assigned to ex-spouse and mortgage was not in default at the time ○ Bankruptcy-mortgage was included in a bankruptcy due to extenuating circumstances • Borrower is named on excluded party list • Foreclosure, short sale, or DIL within 3 years • BK discharged within 2 years • Late mortgage payments on purchase or r/t refi <ul style="list-style-type: none"> ○ 3 or more > 30 days or ○ 1 or more 60 days plus 1 or more 30 day ○ or 1 >90 days • Any mortgage tradeline (incl 2nd liens) has less than 6 months history • >\$1000 in disputed derogatory accounts • Cash-out refinance reflects <ul style="list-style-type: none"> ○ delinquent payment in last 12 months or ○ currently delinquent or ○ non-occupant co-borrower is present • AUS conditions cannot be met • Derogatory or any other credit information has not been considered by TOTAL (includes multiple NSF checks on bank statement) • A borrower or co-borrower has no credit score • Undisclosed mortgage debt is discovered • Business Income shows a >20% decline over the analysis period • 4000.1 II.A.4.a.v