

Product Snapshot

FHA 203(k) - Correspondent



The FHA Section 203(k) Rehabilitation Mortgage Insurance Program enables borrowers to finance the purchase or refinance of a home and the cost of its rehabilitation through a single mortgage. Plaza offers FHA's Limited 203(k) and Standard 203(k) program.

Please visit our website at plazahomemortgage.com to view full Program Guidelines. The information contained in this matrix may not highlight all requirements of these programs and does not reduce or eliminate any requirements set forth in our Guidelines. Guidelines are subject to change without notice.

Conforming and High Balance ⁴ – Primary Residence					
Purpose	LTV	CLTV	Min Credit Score	Max DTI ²	
				Underwriting Method	
				AUS	Manual
Purchase	96.5%	96.5%	620	55%	40/50% ¹
Rate/Term Refinance	97.75% ³	97.75% ³	620	55%	40/50% ¹

- Manually underwritten loans with debt ratios exceeding 31/43% require compensating factors. Refer to **4000.1.II.A.5-Approvable Ratio Requirements (Manual)** for requirements.
- Debt ratio exceptions are not allowed on High Balance transactions.
- Maximum LTV is 85% if the borrower has not owned and occupied the property for the last 12 months. If the property has been owned less than 12 months and has been owner occupied since acquisition then the LTV is not restricted to 85%. Seasoning is based on case number assignment date.
- Manufactured Housing not eligible for High Balance loan amounts.

Product Parameters		
	Standard 203(k)	Limited 203(k)
Transactions	<ul style="list-style-type: none"> Purchase Rate/Term Refinance <p>Ineligible Transaction Types:</p> <ul style="list-style-type: none"> Cash out Refinances Texas Section 50(a)(6) loans are not eligible Properties listed for sale at time of application are not eligible. Investment or Second Home Properties FHA Back to Work Program (RFHA30BTW) No builder spec foreclosures 	
Occupancy	Primary residence only.	
Underwriting Method	All loans must be decided through FHA TOTAL Scorecard. Provide a copy of the TOTAL Scorecard recommendation from DU or LPA. Loans not receiving an acceptable AUS result may be manually underwritten subject to eligibility.	
Eligible Properties	<ul style="list-style-type: none"> Attached/Detached SFRs Attached/Detached PUDs FHA-approved Condos – with interior unit upgrades only 2-4 Units HUD REO properties Manufactured Housing <p>To be eligible for the 203(k) program, the property must be a structure that has been completed for at least 1 year.</p>	
Eligible Borrowers	<ul style="list-style-type: none"> U.S. citizens Permanent resident aliens Non-permanent resident aliens Non-occupant co-borrowers Deferred Action for Childhood Arrivals (DACA) program recipients Inter Vivos (Living) Trusts (A power of attorney is not allowed on properties held in a trust) 	
Qualifying Credit Score	<ul style="list-style-type: none"> Minimum Credit Score: 620 A tri-merge credit report is required on all loans Qualifying score: <ul style="list-style-type: none"> Where three scores are reported, the middle score is the qualifying score Where two scores are reported, the lowest score is the qualifying score Where only one score is reported, that score is the qualifying score Where the Mortgage involves multiple Borrowers, the lowest qualifying score of all borrowers is used 	

	<ul style="list-style-type: none"> Where the Mortgage involves multiple Borrowers and one or more of the Borrowers do not have a credit score (non-traditional or insufficient credit), the lowest qualifying score of the Borrower(s) with credit score(s) is used At least one occupant borrower must have a credit score. Mortgages where one or more of the co-borrowers do not have a credit score are only eligible with AUS “Approve/Eligible” or “Accept/Eligible” recommendations. If a co-borrower does not have a credit score, feedback Certificates showing a Refer recommendation and requiring manual underwriting are not eligible. 	
Reserve Requirements	<ul style="list-style-type: none"> Cash reserves are not a requirement for 1-2 unit FHA loans approved through TOTAL Scorecard. 1-month reserves are required for Manual Underwriting. All assets submitted to TOTAL Scorecard must be verified. <ul style="list-style-type: none"> 3-4 unit properties: 3 months PITA are required. Gift funds not acceptable for reserves 	
Eligible Improvements	<ul style="list-style-type: none"> \$5000 minimum in eligible repairs and improvements from the HUD 4000.1 Eligible Improvement list, Additional repairs are allowable after the initial minimum \$5000 from the Eligible Improvement list. All repairs must be permanently affixed to the property (dwelling or land) and allowable by HUD Repairs that are required to meet HUD’s Minimum Property Standards must be completed All appraiser notated deficiencies and required repairs must be completed. 	<ul style="list-style-type: none"> Non-structural repairs only All repairs must be permanently affixed to the property (dwelling or land) and allowable by HUD Repairs that are required to meet HUD’s Minimum Property Standards must be completed All appraiser notated deficiencies and required repairs must be completed
Self-Help	Self-help not allowed.	Self-help may be allowed subject to specific requirements and limitations. See Program Guidelines for additional requirements.
Draws	No more than five (5) draws are allowed. Funds disbursed at closing are not considered a draw. The borrower may have up to 5 draws in addition to any funds disbursed at closing.	Two (2) draws. 50% at closing and 50% at completion of repairs.
Minimum Costs of Improvement	\$5000 minimum in eligible repairs and improvements from the HUD 4000.1. Eligible improvement list. Additional repairs are allowable after the initial minimum \$5000 from the Eligible Improvement list.	No minimum.
Maximum Costs of Improvement	No maximum dollar amount, as long as the total base loan amount does not exceed HUD’s county loan limit. Manufactured Housing repairs are limited to the lesser of 50% of the “as completed” value or \$50,000	<ul style="list-style-type: none"> \$35,000 maximum including fees and contingency. \$50,000 maximum including fees and contingency for properties located in Qualified Opportunity Zones (QOZ). <p>Tip: Use \$30,935 (\$44,350 for QOZ) maximum in actual repairs and material costs to ensure the total amount does not exceed \$35,000 (\$50,000 in QOZ).</p>
Contingency Reserve	10-20% contingency fund will be withheld as part of the rehabilitation total and may be financed.	
HUD Consultant	HUD approved Consultant is required. HUD Consultants search: https://entp.hud.gov/idapp/html/f17cnsldata.cfm	Not required. The service of a HUD Consultant is optional at the borrower’s choice
Qualified Opportunity Zones (QOZ)	<p>Limited 203(k) mortgages of properties located in QOZs are eligible for increased rehabilitation costs, up to \$50,000 total, for the first 15,000 mortgages endorsed each year. All other Limited 203(k) guidelines and requirements apply.</p> <p>The case number assignment must identify the property is in an eligible QOZ and that the loan is eligible for increased rehabilitation cost.</p> <p>A list of QOZs is available through the Treasury Department’s Community Development Financial Institutions Fund webpage</p> <p>FHA Mortgagee Letter 2019-18 – Maximum Rehabilitation Costs in Qualified Opportunity Zones (QOZs) for Limited 203(k) Mortgages.</p> <p>This section will be updated as HUD makes more information available.</p>	

Temporary Buydowns	Temporary Buydowns are eligible subject to the following: <ul style="list-style-type: none"> • 2-1 and 1-0 buydowns are offered • Purchase transactions only • Qualify at the note rate • Funds may come from the lender, borrower, seller or other eligible interested party • Interested Party Contribution (IPC) limits apply when the source of funds is a party to the transaction • Buydown Agreement must be included in the loan file
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Product Name	Product Code	Available Term in Months
FHA 203(k) Standard 30 Yr Fixed	FHA30K	360
FHA 203(k) Standard 30 Yr Fixed High Balance	FHA30HK	360
FHA 203(k) Limited 30 Yr Fixed	FHA30KS	360
FHA 203(k) Limited 30 Yr Fixed High Balance	FHA30HKS	360
FHA 203(k) Standard 30 Yr Fixed w/2-1 Buydown	FHA30KBD21	360
FHA 203(k) Standard 30 Yr Fixed w/1-0 Buydown	FHA30KBD10	360
FHA 203(k) Limited 30 Yr Fixed w/2-1 Buydown	FHA30KSBD21	360
FHA 203(k) Limited 30 Yr Fixed w/1-0 Buydown	FHA30KSBD10	360

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