

FHA \$100 DOWN PROGRAM

The FHA \$100 Down HUD Repo program is a purchase-money loan offered in limited geographic areas to purchasers of HUD REOs.

THE \$100 DOWN INCENTIVE IS NOT AVAILABLE UNLESS IT IS ON THE EXECUTED SALES CONTRACT

CREDIT REQUIREMENTS	Minimum 640 FICO – Standard to FHA guidelines
PURPOSE	Purchase only.
PRODUCTS	Fixed Rate 3/1 ARM 5/1 ARM
LOAN AMOUNTS	Varies by County. Check HUD website at https://entp.hud.gov/idapp/html/hicostlook.cfm
LOAN TERMS	15 year, 30 year
LTV	The LTV may exceed 100%, up to 110%, only if funding a repair escrow included in the sales contract. The cost of repairs may not exceed \$5,000. Otherwise, buyers who have been approved by FHA to acquire HUD REO properties under an authorized \$100 minimum cash investment initiative may finance the cost of the UFMIP through their FHA-insured loan product provided the total mortgage amount including the UFMIP does not exceed 100 percent of the 'as is' appraised value. Approved borrowers acquiring HUD REO properties under any such initiative are not eligible to finance prepaid expenses and financing/closing costs through their FHA-insured mortgage.
APPRAISALS	As-is appraisal (not as-repaired) The broker should contact the HUD's Management and Marketing contractor to obtain a copy of the current appraisal and PCR. HUD requires this appraisal to be utilized for the underwriting process. * see guidelines for specifics on appraisals over 120 days old
PROPERTY TYPES	<ul style="list-style-type: none"> • Single-family dwellings • Planned Unit Developments (PUDs) • Condominiums (must be prior approved by FHA) • 2-4 units
OCCUPANCY	Owner-occupied only. Non-occupying co-borrowers not permitted.
BORROWERS	Individuals only.
QUALIFYING RATIOS	31%/43%. Qualifying ratios may exceed guidelines with compensating factors or DU approve
BORROWER'S MINIMUM CASH INVESTMENT	All loans require borrowers to make a \$100 down payment. The standard FHA policy requiring that borrowers make a 3.5% investment is not required for the FHA \$100 HUD Repo program. Borrowers may not receive any cash back at loan closing. The sales allowance and contributions received, if any, can only be used toward closing costs/prepaid expenses, repairs to the property or to reduce the mortgage amount. If the real estate agent writes the sales contract as a 203(b) with a repair escrow then the entire repair value up to \$5,000 can be included in the loan amount and escrowed. The LTV cannot exceed 110% of "as is" appraised value with repair escrow included.
GIFT FUNDS	Standard to FHA guidelines.
MORTGAGE INSURANCE	Refer to FHA Mortgage Insurance Chart
ESCROW WAIVER	NOT permitted.
UNDERWRITING	All FHA HUD REO loans will be underwritten according to standard FHA guidelines. Loans must be run through Total Scorecard using Fannie Mae's Desktop Originator/Underwriter however loan may receive an "Ineligible" for mortgage amount calculation if utilizing \$100 down.
CALCULATING MAX MORTGAGE	To calculate the FHA maximum mortgage amount for a HUD home being sold with just a \$100 down payment, take the sales price minus the \$100 down payment. This will be the new base loan amount. Calculate the UFMIP accordingly to determine total loan amount. Calculating with Repair Escrow included in loan amt. To calculate the FHA maximum mortgage amount for a HUD home being sold with just a \$100 down payment and a repair escrow (included in the loan amount), take the sum of the sales price and the repair escrow, and subtract the \$100 down payment. This will be the new base loan amount. These calculations should be shown in the remarks section of the FHA Loan Underwriting and Transmittal Summary. Calculate the UFMIP accordingly to determine total loan amount.

FOR FURTHER DETAILS, PLEASE REFER TO GUIDELINES ON MMI'S WEBSITE