



## FHA HUD REO Program

Through the Property Disposition Insured Sales Program, HUD offers its Real Estate Owned (REO) properties for sale with FHA-insured financing available. Properties must meet the intent of the FHA's Minimum Property Standards (MPS) for existing properties to be eligible for this program.

<b>Credit Requirements</b>	Minimum 580 FICO required. Manual underwrites not permitted on loans with mid scores < 640.
<b>Loan Purpose</b>	Purchases only
<b>Loan Amount</b>	Maximum \$453,100 *\$484,350 with case numbers assigned on/after 1/1/2019
<b>Loan Terms</b>	Fixed rate terms and 5/1 ARMs available
<b>LTV</b>	96.5% LTV
	99.9% LTV (for \$100 Down incentive. Not available in all areas).
<b>Appraisals</b>	"As is" appraisal is required (not "as repaired"). The broker must contact HUD's Management and Marketing (M&M) contractor to obtain a copy of the Property Condition Report (PCR). <i>See guidelines for specifics on appraisals over 120 days old</i>
<b>Property Types</b>	<ul style="list-style-type: none"> <li>● Single family dwellings</li> <li>● Condominiums (must be FHA-approved)</li> <li>● Planned Unit Developments (PUDs)</li> <li>● 2-4 units</li> </ul>
<b>Occupancy</b>	Owner occupied, primary residences only. Non-occupant coborrowers not permitted.
<b>Qualifying Ratios</b>	As determined by the AUS for loans with an Approve/Eligible recommendation. Otherwise, max ratios 31/43% unless strong compensating factors exist
<b>Gift Funds</b>	Permitted - see guidelines for specifics. Cash gifts not allowed.
<b>Mortgage Insurance</b>	Upfront MIP is required on all loans, and must be entirely financed into the mortgage amount or paid entirely in cash. See chart in the guidelines for annual MIP factors.
<b>Escrow Waiver</b>	Not permitted.
<b>Underwriting</b>	All loans will be underwritten according to standard FHA guidelines, and may be run against TOTAL Scorecard using FNMA's DU or manually underwritten.
<b>Minimum Cash Investment</b>	3.5% of the sales price, which must be all downpayment (with the exception of \$100 Down)
<b>Repair Escrows</b>	<p>Properties that need less than \$10,000 worth of repairs to meet MPS will be offered for sale with insured financing available, provided a cash escrow is established to ensure the completion of repairs (non-livability issues)</p> <p><b>Repair Escrow Financing:</b> The repair escrow must be financed in the FHA loan, and is not to be taken from HUD proceeds</p> <p><b>Repair Escrow Amount:</b> Equal to 110% of the estimated cost of repairs. Since the max cost of repairs is \$10,000, the maximum escrow amount may not exceed \$11,000 (a 10% overage is calculated in). The escrow account is to be administered by MiMutual</p> <p><b>Cost of Repairs:</b> Repair escrow is taken from line 4 of the sales contract. If additional repairs are revealed during the loan process (i.e. as the result of a home inspection), then 2 bids will be required with a list of repairs needed to make the property insurable and the estimated cost of repairs, and the underwriter will determine the additional required escrow amount.</p> <p><b>Completion of Repairs:</b> Generally, all repairs are to be completed within 90 days of closing.</p>

**FOR FURTHER DETAILS, PLEASE REFER TO FHA GUIDELINES (HUD REO CHAPTER)**