This document is a summary of most of TMS's guideline restrictions to FNMA, Freddie Mac, VA, USDA, and FHA. This document should be used as a reference tool in conjunction with the TMS Seller's Manual, product matrices, and announcements.

General Policies	

Minimum Loan Amount	• $50,000 minimum loan amount on all products except:
	  ○ $100,000 minimum loan amount for FHA 203(k), and
	  ○ $75,000 minimum loan amount for loans secured by singlewide Manufactured homes

Escrows/Impound Accounts	• Unless required by law, lenders may waive escrow account requirement for borrowers on conventional loans. ○ Lenders cannot waive an escrow account for refinance transactions where the borrower is financing real estate taxes in the loan amount or for the payment of premiums for borrower-purchased mortgage insurance (if applicable). • **Partial Escrows/Impounds**: On a Conventional loan, impound/escrow account for hazard insurance premiums may be waived and a partial impound/escrow account may be established for real estate taxes only, at no additional cost.
Employment and Income	• A manually verified VOE in lieu of paystubs is not acceptable
Ineligible Properties	• Commercial properties including, but not limited to, bed and breakfasts, assisted living, boarding houses, working farms, and ranches • Non-traditional home types and mixed-use properties • Co-ops • Timeshares • Hotel condominiums • Hawaiian properties located in lava zones 1 or 2 (determined by the USGS) • Properties encumbered with a private transfer fee
Ineligible Transactions	• Assigned Purchase contracts • Loans with negative amortization or balloon payments on subordinate financing • FHA 203(k) loans for property conversions • Transactions with subordinate PACE liens • Non-resident aliens & foreign nationals • ARMs

4506C Transcript Policy	• IRS tax transcripts are required when qualifying with any of the following: 1) self-employed income; 2) rental income documented on schedule E; 3) employed by a family-owned business; 4) employed by interested parties to the property sale or purchase; 5) income when the 1040s are used in lieu of alternative documentation; 6) non-taxable income, other than VA disability income, is grossed up; 7) Other income types such as auto allowance, capital gains/losses, dividend/interest, or farm income/loss; 8) Handwritten income documentation; • Tax transcripts are required when the following is used to qualify: 1) non-taxable income, other than VA disability income, is grossed up; 2) other income types such as auto allowance, capital gains/losses, dividend/interest, or farm income/loss; 3) handwritten income documentation; 4) loan files where there is relationship between the borrower and an interested party of the subject transaction such as Seller, Loan Officer, or employee of a Mortgage Broker; or Seller has relationship to the Loan Officer. • As a reminder, full 1040 transcripts for most recent two years are needed on all USDA loans, and on FHA loans that have a prior Mortgage Credit Reject by a Lender for DTI or income.
Conventional	
AUS	• DU with Approved/Eligible recommendation or LP with Accept recommendation is required • Manual Underwrite is not acceptable for Conventional loans
Appraisals/Collateral Underwriter	• Collateral Underwriter (CU) is a proprietary appraisal risk assessment tool developed to support appraisal quality. CU is integrated with appraisals uploaded to the UCDP. A CU risk score, flags, and messages will be returned in the UCDP SSR. All SSR quality and/or overvaluation flags with a risk score between 4.01 and 5 must have the appropriate steps taken to ensure the validity of the value on the appraisal. Proper documentation may include, but is not limited to, comments from the Underwriter, comments from the Appraiser, and/or a Desk Review. • Should Fannie Mae or Freddie Mac send a repurchase demand for unsupported collateral value the seller will be asked to repurchase the loan.
Loans in Forbearance	• Borrowers in COVID-19 (CARES Act) forbearance and continue to make their mortgage payments, are eligible to refinance or buy a new home. Payment history from the mortgage loan servicer is required to document the borrower continued to make their full mortgage payments • Borrowers in forbearance and stopped making full payments are eligible to refinance or buy a new home three months after their forbearance ends, and they have made three consecutive payments under their repayment plan, or payment deferral option or loan modification
Ineligible Products	• HomeOne, Construction, Open Access, Affordable Housing loans, A-Minus
Ineligible Mortgage Insurance	• Lender-Paid Monthly or annual MI • Reduced coverage MI • Split coverage MI • Borrower-paid annual MI

FHA	
FICO	• At least one borrower must have a minimum FICO of 550, unless No FICO program

Loans in Forbearance	Borrowers granted mortgage payment forbearance are eligible for a new FHA mortgage provided:
	• The borrower continued to make regularly scheduled payments and the Forbearance Plan is terminated, or
	• For cash-out refinances, the borrower has completed the Forbearance Plan and made at least 12 consecutive monthly payments post-forbearance; or
	• For purchase and no cash-out refinances, the borrower has completed the Forbearance Plan and made at least three consecutive monthly payments post forbearance; or
	• For all streamline refinances the borrower has made at least six payments on the FHA-insured mortgage being refinanced
	  ○ For non-credit qualifying streamline refinances, the borrower must have made at least three (3) consecutive payments within the month due post-forbearance
	  ○ where the FHA insured mortgage has been modified after forbearance, the borrower must have made at least six (6) payments under the Modification.
	• A borrower who is still in mortgage payment forbearance at the time of case number assignment or has made less than three consecutive monthly mortgage payments within the month due since completing the Forbearance Plan, is eligible for a **Credit Qualifying Streamline Refinance** provided the borrower:
	  ○ Made all mortgage payments within the month due for the six (6) months prior to forbearance; &
	  ○ Had no more than one 30-day late payment for the previous six (6) months.
	
	Refer to HUD Mortgagee Letter 2020-30 for additional guidance for borrowers with prior mortgage payment forbearance.

Ineligible Products	• FHA loans with an unsecured interest-free loan for establishment of an escrow account

VA	
FICO	• At least one borrower must have a minimum FICO of 550, unless No FICO program
DTI	• Manual UW with DTI greater than or equal to 50% requires three acceptable compensating factors to be listed on VA loan Analysis. Refer to VA Lender Handbook Chapter 4.10.d for list of acceptable compensating factors. • No DTI restriction for VA loan with Approved/Accept AUS
USDA	
FICO	• At least one borrower must have a minimum FICO of 550, unless No FICO program
Combination Construction -to-Permanent (Single Close) Loan Program	• Loans must conform to all the parameters set forth by the USDA SFH Guaranteed Loan Program in 7CFR 3555 & HB1-3555 • Interest rates are fixed at loan closing and before construction begins with full principle, interest, tax, and insurance (PITI) payments scheduled for each month • For loans with interest only payments made during construction, refer to TMS Seller's Manual for single or double closing construction to perm • Loan Note Guarantee is required prior to purchase by TMS • Single Family homes, Manufactured Homes and Site Condos are acceptable
***Please check TMS announcements and FNMA, Freddie Mac, FHA, VA, and USDA matrices for most recent updates**	